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# China Report

ECONOMIC AFFAIRS

No. 49

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# CHINA REPORT

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## NATIONAL ECONOMIC POLICY

### PILOT UNITS TEST CONCEPT OF PROMOTION BY MERIT

Beijing GONGREN RIBAO in Chinese 13 Dec 79 p 1

[Article by staff reporter Chen J1 [7115 7535]]

[Text] Exclusive--Sources in the National Labor Bureau told our reporters that the decision of the CCP Central Committee and the State Council to give 40 percent of the nation's work force promotions beginning November prompted departments of various provinces, municipalities and autonomous regions and departments within the State Council itself to set up in September pilots in 4,372 of their subordinate units, with a total of 1.9 million staff members and workers, to test the feasibility of worker promotions. By the end of November, the pilots that were concluded in 1,840 units proved that promotions did provide an added force to motivate the masses toward excellence at their jobs and acquisition of new skills, thereby contributing to higher productivity and better performance overall.

Those selected for the tests were units representing a cross section of industrial, communications, capital construction, financial, trading, scientific research, cultural, educational, public health, and governmental activities. Some of them were grassroots units. In some cases, one profession or one trade of a city formed a unit. In other cases, one county as a whole became one test unit. The selection also included a few backward enterprises in some provinces and cities. It was hoped that the experiences gained from trials and errors in tests run under different circumstances would teach us how to best implement the system of worker promotions.

An Ideological and Political Program Goes Hand in Hand With the Pilot Program to Test Worker Promotions. In the course of informing the masses of the decision of the CCP Central Committee and the State Council regarding promotions for the nation's work force, all the units selected for the pilots have designed, according to the ideological nature of their respective units, an ideological and political program to go along with the program of testing the promotion concept. Their effort concentrates on educating the masses in state affairs and state policies and correcting such unhealthy tendencies as egalitarianism, individualism carried to extremes, factionalism and anarchism that are affecting some cadres and people. Such an effective

ideological and political program has made the staff members and workers more aware of matters of national importance and enabled them to form the right attitude. As the policies of "to each according to his work" and "promotion by merit" become better and better accepted, the program of worker promotions moves apace more smoothly.

In the Pilot Program, the Principle of "From Each According to His Ability and to Each According to His Work" Is Followed in All Localities. Different enterprises and, by the same token, different workshops and departments of an enterprise, are treated differently on their own merit based on a thorough case-by-case evaluation to determine their promotion worthiness. The practice of granting the same number of promotion slots to each and every enterprise regardless of its performance or its contribution to the state is now a thing of the past. The enterprises are rated on such economic and technical indexes as how well they have met their production targets and the quality standards, how profitable they are, and how far they have fulfilled their contract obligations. They are also graded on their management proficiency and their contribution to the state. Such a fastidious evaluation and rating process is meant to set the advanced enterprises apart from the backward enterprises and to determine the number of promotion slots for each. Advanced enterprises are given more promotion slots than backward enterprises. In the case of those which have run up substantial deficits, promotions are deferred until improvements are made before a set deadline. The same evaluation and rating process applies to departments within an enterprise. Advanced workshops and departments are given more promotion slots than the average. This is the method used by the textile industry in Sha city, Hubei Province and the food industry in Wuhan city to reward the advanced units and to goad the backward units to do better. It has proved very effective in getting the staff members and workers interested in the performance of their respective units.

In Evaluating the Promotion Worthiness of Each Individual, All Affected Units Insist on Evaluating Both Workers and Cadres on Three Criteria--Attitude, Technical Dexterity, and Contribution, With Emphasis on the Last Criterion. No One Stands Above Such Evaluation and the Better Performers Are Promoted. Quite a number of units included in the pilot program, such as the Hefei Mining Machinery Factory, have mobilized the masses to take into consideration the conditions as they exist in their respective units and translate the three criteria into down-to-earth terms. They have made public the output, quality control and attendance record of each individual to serve as a foolproof basis for evaluation and rating of that individual by his fellow workers in a democratic manner. They have also tried out the method of "basing promotions on seniority when two people are found to have made the same amount of contribution, on the amount of contribution when two people have the same seniority, and on their past performance when two people of the same seniority are found to have made the same amount of contribution" to the approval of the masses of staff members and workers. The Heping Road Post Office in Tianjin city and the Fuzhou Match Factory have set up, through mass discussions, a scale of 100 points for each of



the three criteria and have awarded promotions to better performers on their standings on both the point-system rating and personal evaluation. The majority of staff members and workers at the units selected for the pilot program agree that the system of "promotion by merit" is better than the system of "automatic promotion on the basis of seniority" and provides incentive for learning a new skill or specializing in a given field. They agree that it will encourage the masses to work harder to achieve the four modernizations, because it now makes a difference between working hard and not so hard, doing a good job and a poor job, and working and not working.

In This Pilot Program, Firm Party Leadership Goes Hand in Hand With Democracy and the Mass Line at All Localities. Many units have selected, based on results of democratic elections by the masses, cadres, workers and staff members who are fair, conscientious and above factionalism to form evaluation committees. Under the leadership of their respective party committees, they have been responsible for organizational and practical work in determining raises for the work force. Some units have convened worker congresses to discuss the various practical aspects of the promotion system. The experiences of the various units selected for the pilot indicate that democracy and centralism must work hand in hand for best results. Where only the leaders have the say, a good system can still fail. By the same token, where the leaders "throw up their hands" and leave the masses to a "free-wheeling democracy," the system also falls into disarray. These two extremes should be avoided.

In most of the pilot units, the leaders divide themselves into two groups, with one group devoting its time to production and the other to promotion. Whenever time and work priorities do not permit equal attention to production and promotion, production always comes first. In that case, staff members and workers must concentrate on production during normal business hours and take up promotion-related activities in their after hours. The idea is to fit worker evaluation requirements into the production schedule, not the other way around. Some of the backward units selected in the pilot program have taken the opportunity to upgrade their leadership bodies and their enterprise management, thus improving the climate for the introduction of the promotion system. At the same time, they have also been able to improve their performance in the course of testing out the promotion system and to snap out of their backwardness. As a result, their production and the level of their management proficiency have both improved.

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## NATIONAL ECONOMIC POLICY

### SCRAP. WASTES USED TO PRODUCE CONSUMER GOODS

Beijing CONGREN RIBAO in Chinese 14 Dec 79 p 1

[Article by Ren Yuyang [0117 0056 2263]]

[Text] Exclusive--Many enterprises in the country have produced large quantities of consumer goods with waste and scrapped materials in substitute for important raw materials. As a result, they have boosted their production and achieved economy in the use of raw materials at the same time.

Waste and scrap recovery departments throughout the country have stepped up their procurement. In the period from January to October, they recovered wastes and scraps worth 1.37 billion yuan, 80 percent of which was reusable by light industry, handicraft industry, and, to a lesser extent, even heavy industry. According to statistics on 12 major commodities, they recovered 5.53 million tons of scrap iron and steel, scrap plastic materials, scrap rubber, thrown-away animal bones, waste paper and non-ferrous scraps for industrial and agricultural use, thus contributing greatly to increased production.

Many enterprises are attaching great importance to increasing production and economizing on raw materials at the same time. Where they can find usable waste and scrap materials, they stop using or cut down on the use of virgin materials. Where they experience a shortage of virgin materials, they search far and wide for used materials as substitutes. For instance, the paper industry has felt the pinch in raw materials because of timber shortage. As a result, the use of waste paper as raw material grew from 15 percent in 1970 to 22.4 percent at present of the total raw material use. Now paper made from waste material accounts for a quarter of the nation's total paper output.

Iron and steel scrap is indispensable for steel making. Since the first of the year, steel industry received 3.7 million tons of such scrap. Quite a number of light industrial enterprises use nothing but scrap to make consumer products. For instance, the cooking pans made in Beijing are all from steel scrap. Some 60 small items that are everyday necessities for the

people, such as irons, coal stoves and fireplace hooks, are made entirely of steel scrap. Scrap plastics, when sorted out, reheated, and added with fillers, pigments and plasticizers, can be used for making new plastic products. To use 1 ton of scrap plastics means a saving of 300 kilograms of dibutyl phthalate and 5,000 kilowatt-hour of electricity. And to produce 1 ton of dibutyl phthalate requires 12,000 catties of maize. The washing boards made from scrap plastics in Beijing City are inexpensive, strong and durable. They are popular with the public. Shenyang Plastic Sole Factory makes a 25 percent profit on its soles made from scrap plastics, but no profit at all from soles made from virgin plastics. Qinye Plastics Works in Changzhou, Jiansu Province, makes fertilizer bags out of scrap plastics and supplies them to small fertilizer plants for use as packaging materials. In the period from January to October this year, 23.2 percent of its production was made from scrap plastics. The scrap collection departments in Jiasan County, Zhejiang Province, have helped the Lixin Production Brigade, Tianren Commune, to set up an operation to make thermo bottle shells out of scrap plastics. The cost of each shell is 0.60 yuan. It retails for 0.84 yuan. Since they were put on the market, they have sold faster than they can be made. They are considered reliable products at a low price.

In order to get more use out of scrap plastics, departments concerned in Beijing, Shanghai and Tianjin municipalities and in Liaoning, Jiangsu and Zhejiang provinces have been experimenting with the manufacture of sheeting, tubing and packaging materials out of scrap plastics. If their experiments are successful, the use of scrap plastics will further expand and more resources will be made available for industrial production in the future.

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## NATIONAL ECONOMIC POLICY

### PROBLEMS OF LABOR SYSTEM REFORM, IRON RICE-BOWL DISCUSSED

#### Aims of Reform Outlined

Beijing BEIJING RIBAO in Chinese 16 Jan 80 p 3

[Article by Zhong He [6945 0735]: "Some Views on Labor System Reform and 'Iron Rice-Bowl'"]

[Text] The topic of "iron rice-bowl" is essentially at the heart of the labor system reform. It has attracted many people's attention because it concerns the personal interests of millions of the Chinese people, and has a direct bearing on the speedy development of the national economy and the four modernizations. For this reason, it should be studied carefully.

What principles under the socialist system should we follow in reforming the labor system? What methods should we adopt in our efforts to change this system?

History seems moving in a direction in which socialism is bound to replace capitalism. The reason is that the socialist system and the socialist relations of production are far superior to their capitalist counterparts with regard to the development of the productive forces. The steady progress in socialist production is expected to bring about improvements in the people's living standards. The aim of the labor system reform is to develop production, improve the people's living standards and accelerate the four modernizations. In reforming the labor system, it is necessary to take into account our current socio-economic conditions and the lessons we have learned from history.

Specifically, the labor system should be reformed in line with the following three principles:

1. It must be able to keep pace with, and promote the high-speed and proportionate development of the national economy. With the modernization of the machine-building process will come new technology, new equipment, new technical knowledge and new trades and professions. In response to these new developments, workers are required to increase their output and improve their skills.

2. It must represent a step forward in meeting the people's growing demands for a higher form of material and cultural life, for increased employment, and in preserving their right to work. To this end, fundamental efforts must be made to rapidly develop production, and diversify the economy and the service trades and increase job opportunities; the state monopoly of the labor recruiting and job placement service should give way to the multi-purpose labor employment system encouraging the social forces and those on the waiting list of employment to cooperate in solving the problem of unemployment in a creative spirit.

3. It will encourage the people to bring their positive role into full play, to willingly display their talents at the service of their nation, and will inspire workers to increase their productivity. Workers should be given freedom to choose their careers in conformity with the state regulations.

In pursuit of the afore-mentioned principles, practical and repeated efforts must be made to develop and perfect the labor system really needed by the nation. But what steps should be taken to reform our current labor system? Now let me present my opinions on this subject as follows:

Formerly, workers were recruited at points selected by the state. After they were recruited, they were divided into groups, each consisting of skilled and less skilled and male and female workers. In the future, this recruiting method must be changed. Workers willing to be recruited should first register their names with units concerned. First priority should be given to those who are most qualified and most competent on the basis of an evaluation of their education, moral qualities and physical health. The enforcement of this new recruiting regulation must be accompanied by the delegation to the enterprises of power to employ workers in accordance with their operational needs. The new regulation should entitle every worker to the free choice of jobs, so that he can put his professional knowledge and vocational skills to good use. Only thus can the enterprise change the situation in which the labor force cannot measure up to the needs of production. For example, in the second half of 1979, there were a large number of unemployed youths in some cities. By following a new recruiting system, these cities gave first opportunities to the most qualified on the basis of an evaluation of their competence, while making an overall and reasonable arrangement for employing others still on the waiting list of employment one after another in the days ahead, thus solving a problem of unemployment to the satisfaction of both employers and employees, and promoting the development of production and other trades. This success should be credited to the achievements by the cities in reforming their labor system.

The main aim of our labor system reform is to allow workers to resign for the following reasons: the current positions they hold are not commensurate with their wishes and specialty, and their employers could not help them solve this problem; heavy family responsibilities and other reasonable personal reasons force them to resign from their present jobs. In the light of the above cases, the approval of their resignation will benefit both employers and employees. In dealing with the former, the departments



concerned should try their best to relocate new jobs according to their wishes. In dealing with the latter, it should also be treated as a reasonable demand without any discrimination. Only thus can we bring the people's talents into full play, help workers solve their difficulties and improve the efficiency of the enterprise management.

The renovation of our labor system means changing our current policy to recruit workers and allocate jobs under the overall state plan, a policy which only allows workers to be employed but not dismissed for any reason. Why should workers be dismissed? The reason is that the market needs for the labor force change from time to time. Another objective fact is that sometimes the labor force is in excessive supply and sometimes in short supply. When an enterprise falls short of manpower, it is usually allowed to recruit new workers. But when its manpower is in excessive supply, it should also be allowed to dismiss surplus personnel. Otherwise, it would mean wasting labor, lowering labor productivity and making the management unwieldy. Some comrades asked: why should surplus personnel be dismissed, since they could serve as a backup force to relieve other workers and give them days off on a regular basis? Sure, it is necessary to give workers days off on a regular basis. This system should continue in force. But the problem is that the existence of the backup force would adversely affect an otherwise well-organized operation and would overlap the organization and make it too unwieldy to meet any urgent requirements for production. The past 30 years of practice have reminded us of this shortcoming. Other comrades also urged enterprises to retain their surplus personnel for future use. This suggestion gives rise to a question of whether it is advisable for the enterprises to bear the welfare burdens for the surplus personnel. I feel that such burdens should be equally shared by society and enterprises, so that the latter can concentrate their energy on promoting production and improving the efficiency of their management and the quality of their products.

Technical details on how to take care of surplus personnel can be worked out through discussion. For example, the dismissed surplus personnel should continue to receive full or partial pay, half of which should be borne by their employers and the other half by the state, until they find new jobs. Furthermore, a social security fund should be set up to insure an income for them to maintain a minimum standard of living. After leaving an enterprise, they can look for new jobs or temporary work or request vocational training with the assistance of various labor service companies or other organizations associated with the state. This pledge of continuing pay for dismissed workers plus a promise to give them technical training contrasts sharply with the practice of capitalists in the old society who whimsically fired workers without caring for their future.

It must be pointed out that allowing enterprises to dismiss workers means depriving them of their iron rice-bowls. This task of unusual nature should be done with great care and step by step and on the basis of specific conditions. If the conditions are not ripe to enforce this new labor employment system, it may have a result contrary to its intended purpose. These conditions should include:

1. The delegation of labor employment power to the enterprises should be accompanied with the delegation of financial power. Otherwise, the reformed labor system would not be effective.
2. The delegation of the afore-mentioned power should be viewed as part of an effort to reform the entire economic system. If an enterprise is only authorized to control its own manpower without being backed up with an independent economic accounting system which will hold itself totally responsible for its own profits and losses, it may risk the danger of excessive employment at the expense of the state, thus undermining socialism.
3. The delegation of the afore-mentioned power should be accompanied with a decision to delegate to workers the power to manage and supervise their enterprises. Many comrades worry that the delegation of labor employment power to the enterprises may tempt enterprise cadres to take retaliatory actions against their adversaries, a serious unhealthy tendency that has existed in enterprises. This worry is not unjustified. This is the reason why we should delegate to workers the power to manage and supervise their enterprises. Only by arming workers or their representatives with the decision-making power over the major issues of their enterprises, and persuading enterprise cadres to willingly become true public servants, can we prevent the latter from using the increased power delegated to the enterprises to serve their self-interest.
4. The delegation of labor employment power to the enterprises must be backed up with the institution of some social systems, notably, the social security and vocational educational systems aimed at protecting those who want a transfer from one unit to another. In other words, society should set up a "reservoir" so that workers will be relieved of worry about their well-being and will be provided with vocational training aimed at improving their skills during the period of transition from one unit to another.
5. The delegation of labor employment power to the enterprises should be backed up with enactment of a labor law and the establishment of its enforcement agency to settle and arbitrate the disputes between enterprises and labor.

It must be clearly pointed out that if anyone is dismissed by an enterprise plagued by surplus manpower, he should not regard it as a disgrace; the dismissal of some surplus personnel by enterprises is a measure adopted to meet the needs of producers, society and in a sense, individuals, too.

It is necessary to change the existing system of recruiting workers and allocating jobs under the overall state plan and to revise our current employment policy. Consideration must be given to a new policy that will combine the allocation of jobs by the state with individual efforts by job seekers. In other words, the "iron rice-bowl" is no longer available to everybody; the masses are encouraged to look for jobs in their own ways. Only thus can we gradually improve and perfect our labor system, and mobilize all positive factors in support of our campaign to create

more opportunities for employment. Efforts must also be made to develop the economy of ownership by all people as well as the collective economy in urban areas. We must mainly rely on the development of collective economies to increase employment. By collective economies, we mean those run by county and district level bureaus, enterprises of ownership by all people, neighborhoods and the masses. The masses must be encouraged to contribute funds to the development of collective economies. By now an important way to increase employment is by encouraging and helping those on the waiting list of employment to establish collective economies operated by themselves, and by allowing the individual economies to develop in urban areas.

In socialist society, it is necessary to promote the simultaneous development of both the economy of ownership by all people and the collective economies on a long-term basis. The decisive factor for this development is not the people's subjective will but the levels of the productive forces that have been developed. It is wrong to consider the system of ownership by all people superior to the system of collective ownership, a system whose importance to the development of the national economy at the present stage of history cannot be ignored, and therefore, whose termination is not expected in the days ahead. Practical experience shows that there are many advantages from the development of collective economies. For example, they can produce quick results from a small capital investment and can be more effective in meeting the market demands than other economies. As a result, they have made an important contribution to the development of the socialist economy of public ownership. An example is the "Yanjing Painting Cooperative," a collective economy organized and operated by urban youths on the waiting list of employment. Although it remains in the initial stage of development, it has demonstrated its vitality and superiority. At present, there are still major imbalances in our national economy. For example, the development of the sectors of the national economy such as equipment production and heavy industry has been overemphasized, while the development of service trades and textile and light industries has been neglected. In this situation, it is necessary to actively develop collective economies as an important step in increasing employment and in changing the imbalances in the national economy.

During the early days of the PRC's founding, the collective economies in urban China employed nearly 9 million people. In 1956, this employment dropped to nearly 2 million, and in 1978, declined further to just over 100,000. As the handicraft industry still exists in our country, the individual economies, an important supplement to the economy of public ownership, still occupy an important place in commerce. Among these individual economies are restaurants, repair and renovation services, photographing services, laundry, homemaker services, and other undertakings. Their role is to fill the gap left by the state enterprises and to serve the people's daily needs. Their development is expected to play a role in solving the problem of unemployment. Ours is an era marked by rapid changes. In this era, we cannot stand still and stick to the established ideas. To keep pace with progress in the four modernizations, we must

concentrate our energy on carefully and steadily changing our labor system and effectively eliminate many shortcomings caused by the "iron rice-bowl" practice.

### History of 'Iron Rice-Bowl'

Beijing BEIJING RIBAO in Chinese 16 Jan 80 p 3

[Article by Huang Zhengshen [7806 2973 6500]: "Some Thoughts on the Origins of the 'Iron Rice-Bowl'"]

[Text] During the early days of the PRC's founding, our government adopted a policy of providing jobs for all workers of the bureaucratic-capitalist enterprises and the former Kuomintang personnel and giving them means of livelihood in an effort to stabilize the domestic situation and solve the problem of unemployment. As a result, over 4 million unemployed personnel left behind by the Kuomintang were employed under an overall governmental job placement plan. Since liberation, the state has provided jobs for college graduates according to the same plan. From then on, the state monopoly of the job placement service continued to grow phenomenally.

Beginning from November 1951, according to the state regulations, jobs have been made available to demobilized soldiers and ex-servicemen, to secondary and vocational school graduates, to urban middle and primary school graduates unable to continue education, and to dropouts from the institutions of higher learning. In 1954, the state even began to provide employment for ex-convicts. Not benefited by this plan were only a few collectives of workers or individual laborers. At that time, with production developing rapidly, almost all units and enterprises wanted to recruit workers. In this condition, this policy of monopolizing the job placement service proved useful, and therefore, presented no problems for its implementation. However, in 1956, many overstaffed enterprises demanded streamlining their organizations and dismissing surplus personnel. In March 1957, in response to this demand, the State Council approved a document of the Ministry of Labor stipulating: "Enterprises, establishments and government organs cannot dismiss those employees beyond the ceilings of their employment at will. They should coordinate with each other in finding jobs for those surplus personnel or in organizing study classes for them." Soon, a labor system patterned after this document gradually took shape, allowing enterprises to recruit workers but not to fire them. Under this system, many overstaffed enterprises and establishments had to put many unwanted personnel on the payroll at great expense, thus preventing them from taking any steps to improve the efficiency of their management and increase their labor productivity. This forced many people to demand a change in the labor system which authorizes enterprises to recruit but not fire workers. Some comrades compared this system which draws no distinction between those meriting rewards and those deserving punishment to an "iron rice-bowl," and called any appeal for changing it an effort "smash that iron rice-bowl." Although such descriptions are misnomers and apt to be misunderstood by many people,



their popularity is still growing with the general public, because they could find no other terms to better describe our labor system now still in force.

Later, a labor inspection delegation left China on a study tour of the labor system in the Soviet Union, in accordance with the Party Central Committee's instruction. At the end of the trip, the delegation concluded that both in Lenin's and Stalin's era, the fixed labor employment system and the policy of the state monopolization of the job placement service were non-existent in the Soviet Union; socialism can develop there without them. In its January 1957 report affirming the positive role of the afore-mentioned policy during the early days of liberation, the delegation pointed out: "This labor force management measure has also presented some problems which have been aggravated as a result of excessive employment and the overstaffing of the state organs, enterprises and establishments and units. To continuously keep unwanted personnel on the payroll of many units has prevented them from taking an active step to streamline their organizations and to improve their labor management system. On the other hand, under the system, many workers have been wrongly assigned to posts not commensurate with their training and specialty and could not easily resign to freely choose careers as they wished.

Furthermore, a few workers thought that they gained an 'iron rice-bowl' the day they were hired by the government organs and enterprises. The idea that under this system, there is no distinction between those meriting rewards and those deserving punishment has caused the labor discipline to deteriorate." The report concluded with a proposal to replace the current system with a labor contract system, a proposal which was not immediately put into effect that year.

A real effort was made in 1958 to reform the labor system. In June 1958, the Party Central Committee approved a report by the Sichuan Provincial Party Committee, bringing to light the following problems resulting from the implementation of our current labor system: "Once a worker is recruited, he can only be assigned to one place or unit, but not another. No matter whether there is work or not, employees on the regular payroll can neither be dismissed nor be transferred to other positions or units by their employers. This situation applies to the government organs, schools, factories, commercial stores, and other enterprises. These well-fed, well-paid and pleasure-loving persons sometimes even went so far as to curse the Communist Party and the people's government. This personnel employment system is harmful to our economy as well as to our politics. It has made our leadership unwieldy." The report proposed to put into effect the following "two labor systems" in place of our existing system: while keeping the existing labor force intact, we must employ fixed laborers as little as possible and contract-workers as much as possible. We must put into effect a labor system aimed at enabling workers to take part both in agricultural and industrial production. This system was immediately put into practice on an experimental basis in Sichuan Province in accordance



with Comrade Liu Shaoqi's instruction. But the temporary national economic difficulties that emerged later on forced the proposal for labor system reform to postpone a proposal aimed at cutting back on the labor force in some units with surplus personnel. Comrade Liu Shaoqi began to grasp this task again as soon as the favorable economic situation developed and production increased rapidly in 1964. He delivered a series of speeches and issued a series of instructions reemphasizing the need for labor system reform. But before his proposals could be put into effect, the Great Cultural Revolution was launched.

Shortly after this revolution was launched, Jiang Qing, Chen Boda and their adviser deliberately instigated those temporary or contract workers to revolt, while criticizing the "two labor systems" and the proposal to employ fixed laborers as little as possible and temporary workers as much as possible, and vilifying them as an attempt to disintegrate the contingents of the working class, to subvert the dictatorship of the proletariat and to restore capitalism. This revolution forced the labor system reform to be postponed for 10 years, until the "gang of four" was smashed.

As the party is shifting the emphasis of its work to the socialist modernization, a decision that came after the Third Plenary Session of the 11th Party Central Committee, the inability of the current labor system to meet the needs of the four modernizations and to solve the problem of unemployment has become more evident than ever. Consequently, the so-called "iron rice-bowl" practice has been brought up for discussion again. But the term "iron rice-bowl" today differs in meaning from the same term we had talked about in the past. Today, the "iron rice-bowl" is not only available to workers, but to cadres as well, who can hold their positions for the rest of their lives under our present cadre system.

A review of the history of the implementation of our current labor system brings to light the following facts: 1. Our current rigid labor system and the "iron rice-bowl" practice have become obstacles to the promotion of production; the policy of recruiting workers and allocating jobs under the overall state arrangement has proved ineffective in solving the problem of unemployment. In other words, we have no alternative but to change our current labor system in order to promote the development of production and increase employment. 2. The "iron rice-bowl" practice must be abandoned as a step in improving our labor system, and in increasing labor productivity. Only by improving the labor system and increasing labor productivity can we bring into full play the superiority of the socialist system and defeat capitalism. How could anyone call this an effort to restore capitalism? 3. Under our current labor system, many workers have been assigned to posts not commensurate with their training and specialty. Its reform will open a prospect for them to resign from their present positions and to freely choose careers as they wish, and put themselves in the best positions to serve their country. Only thus can we successfully uphold the principle of "to each according to his work," help industrious and outstanding workers constantly improve their living standards and induce lazy people to work hard. Is there anything wrong with that?

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## ECONOMIC PLANNING

### NEW GUANGDONG INDUSTRIAL AREA ESTABLISHED

Hong Kong TA-KUNG-PAO in Chinese 15 Jan 80 pp 1, 3

[Article: "Shekou Opens Up a Special Zone to Establish a New Industrial Area for Overseas Chinese in Hong Kong and Macao and Foreign Businessmen to Invest in Setting up Factories"]

[Text] The Shekou Peninsula, in a back bay on the east side of the estuary of the Pearl River in Guangdong Province, lies across from Hong Kong's Yuanlang and Liufu Mountain. At present it is developing the construction of a new industrial area for overseas Chinese in Hong Kong and Macao and foreign businessmen to invest in setting up factories. (Note: For a brief introduction to investing by the Hong Kong Merchant Steamship Company in the Shenzhen Municipal and Shekou Industrial Areas, please see p 23 of today's newspaper.)

The new Shekou Industrial Area was formally approved by China's State Council on 30 January 1979. It was designated as a special zone, and handed over to the Hong Kong Merchant Steamship Company to open up investment with full operating powers. The Merchant Steamship Company plans to develop Shekou in a number of stages. The first stage development project is being carried out in the no 5 and no 6 bays. It mainly includes leveling 11 million square feet, building a 600 meter dock along the bank and providing all necessary facilities for developing an industrial area, for example, water, electricity, communications and transport. It is estimated that the basic projects can be completed by March of this year.

The Merchant Steamship Company has indicated that, with the exception of some industries which have quota limitations and those which create serious pollution, the industrial area welcomes foreign businessmen, overseas Chinese and compatriots in Hong Kong and Macao to collaborate with the Merchant Steamship Company in the industrial area to invest in setting up factories. These are to be in production, manufacturing and processing industries which principally engage in foreign sales. Foreign businessmen may sign contracts directly with the Merchant Steamship Company in Hong Kong, and the company

will then handle the registration formalities with the Shenzhen Municipal Industry and Commerce Administration Office.

A responsible person of the Development Department of the Merchant Steamship Company has revealed that the company has been in touch with foreign businessmen since April 1979. By the end of December, over 500 foreign businessmen have separately consulted with the company about investing in Shekou. At present, a total of seven jointly funded enterprises are relatively certain.

These seven enterprises are as follows: One, already signed, is an oxygen manufacturing plant. The factory building is planned to be built by September of this year. The plant will mainly use highly automated oxygen manufacturing equipment from the United States. The second, with a draft already signed, is a packing crate manufacturing plant, jointly operated by the Danish Baolong (1405 7127) Foreign Firm and the U.S. Maritime Container Company (Haiyang Huoxiang Gongsì: 3189 3152 6303 4630 0361 0674). It is planned that the annual output for the first 3 years after the plant is put in operation will be 3,000 crates, increasing to 10,000 after 5 years. The third is a joint operation with the Swiss Dachang (1129 2490) foreign firm, which has already signed a contract for a machinery reconditioning factory. The fourth is a self-funded ship dismantling plant which plans in the future to produce high stress reinforcing bars. The fifth is a paint factory which will use a paint manufacturing technique patented by Denmark's "Old Man" brand. It will use domestic raw materials to produce paint to supply for sales abroad and for the use of China's transport and communications departments. The sixth is a screw nut factory to produce various kinds of different sized screw nuts. The final one is a recording tape plant to produce high-level recording tape.

The responsible person also revealed that the Merchant Steamship Company tentatively plans to invest nearly 300 million Hong Kong dollars in Shekou, of which one part is to be used for basic expenditures such as leveling the land, building the dock and supplying electricity and water. The remainder is to be used as a ready investment reserve for joint-capital enterprises with foreign businessmen.

The responsible person also said that since the State Council handed over full operating rights for the Shekou Industrial Area to the Merchant Steamship Company, foreign merchants can directly resolve any future problems which may arise regarding joint capital by going to the Merchant Steamship Company in Hong Kong and talking it over there.

The Merchant Steamship Company has clear provisions on questions in the industrial area such as the time period for an enterprise and land use fees. Our understanding is that in general an enterprise may operate for 25 years, after which the contract may be renewed; that land use fees will vary from 2 to 4 Hong Kong dollars per square foot per annum; that electricity fees in the industrial area will be the same as in Hong Kong; and that water fees may be lower than in Hong Kong.

Concerning the workers in the industrial area, the responsible person said that the Labor Services Company of the industrial area will be responsible for recruiting workers from within China. After they are approved by the joint-capital enterprises in charge, they will be hired by contract. If an enterprise in charge is dissatisfied with a worker, it may fire him and the Labor Services Company is responsible for transferring him.

The responsible person also indicated that the Merchant Steamship Company hopes in the future to simplify as much as possible the entrance and exit formalities into and out of China for those going to and from the industrial area. This is in order to provide greater convenience to businessmen arriving from abroad and technical personnel from abroad who are working in Shekou in crossing the border. The Merchant Steamship Company is going to build a new dock to solve the problem of ocean transport from Hong Kong to Shekou.

Concerning the construction and scheduling conditions of projects in the industrial area, a responsible person of the Shekou Construction Headquarters has said that projects in the industrial area are mainly "five open-ups (tong: 6639) and one leveling." The "five open-ups" include: 1. Opening up to road traffic. An 8 km. long asphalt highway will be built from Nantou (0589 7333) in Shenzhen Municipality directly to the newly constructed dock in Shekou. In addition, a new highway may be built along the sea to connect Shekou Township directly with the new dock. 2. Opening up water. Water for use in the industrial area will come from the Xili (6007 3468) Reservoir, with a storage capacity totaling 12 million cubic meters, 15 km away. In addition a waterworks may be built within the industrial area to solve the problem of tap water supply there. 3. Opening up electricity. A high-voltage power line is being extended from Shenzhen Municipality to Shekou. 4. Opening up sea-lanes. A dredger is responsible for excavating a channel 5 meters and more deep for the new dock. 5. Opening up telephones. It is very possible that the Dadong Telegraph Bureau in Hong Kong will be responsible for installing a set of microwave telecommunications facilities so that in the future there may be direct telephone links with Hong Kong. The "one leveling" is the project to level 11 million square feet of land.

Except for the water supply, which will take until this July before it can begin to be completed, the work may be tentatively finished on all these projects after March of this year.

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## ECONOMIC PLANNING

### FUJIAN TRIES FOR QUICKER ECONOMIC BENEFITS FROM FUNDS

Beijing RENMIN RIBAO in Chinese 18 Jan 80 p 3

/Article: "Let State Investment Yield Economic Benefits as Soon as Possible"

/Text/ After an investigation of over a month, the Fujian Provincial Planning Commission, Economic Commission and Finance and Trade Office resolved to give priority in arranging funds and materials to 159 items for tapping potentials, innovating and transforming which are entered into this year's plan. This is to make these funds and materials yield economic benefits as soon as possible. These are all keypoint items with little investment funding necessary, which have quick and visible results, which have high levels of accumulation and which can earn more foreign exchange.

In past years, the various items for tapping potentials, innovating and transforming were reported from below to above, level by level. The relevant departments at the provincial level lacked investigation and study and had no grasp of the matter. In addition, funds were meager and materials, equipment and construction crews were not fixed in advance. As a result, items for tapping potentials, innovating and transforming and their operating funds and materials more often as not could not be determined before May or June. As a result, the projected results often could not be obtained. Beginning in the middle of October last year, the Provincial Planning Commission, Economic Commission and Finance Trade Office organized a joint investigation team which went separately to northern and southern Fujian to carry out investigations and find out what items for tapping potentials, innovating and transforming each area intended to carry out this year, and go to the relevant units to make on-the-spot observations. In this way they made on-the-spot "joint checkups" from several aspects and quickly determined a list of items for tapping potentials, innovating and transforming which should be done this year.

The principles which Fujian Province uses to arrange these items are, first, to emphasize the light industrial market and foreign exports, such as textiles, refined sugar, foodstuffs, canned goods, plastics, leather, paper, sewing machines and watches; second, advanced enterprises, brand name products and products with high quality, good markets and sufficient raw materials; third is to complete ancillary works which can very quickly form new productive capabilities; and fourth is to pay attention to protecting the environment so that the problem of pollution can be resolved.



## GENERAL ECONOMIC INFORMATION

### ANHUI CONFERENCE CALLS FOR REDUCING POPULATION GROWTH IN 1980

OW010858 Hefei Anhui Provincial Service in Mandarin 1100 GMT 29 Feb 80 OW

[Excerpts] The Anhui Provincial People's Government held a provincial conference on family planning in Hefei from 22 to 26 February. The conference called for promoting both production and family planning and for each couple to have only one child in order to reduce the province's natural population growth rate to below 0.95 percent this year.

Among the 1,000 people attending the conference were responsible persons of the party and government organizations in the province, including Gu Zhuoxin, Zhao Shouyi, (Lan Ganting), Liu Lianmin, Hu Kaiming, (Yuan Zheng), Huang Yan, Ying Yiquan, Meng Jiaqin, Wei Xinyi, Guo Tixiang, Yang Jike and members of the provincial leading group for family planning.

Comrade Li Xiuzhen, deputy head of the State Council leading group for family planning, made a special trip to Hefei to attend and address this conference.

Comrade Hu Kaiming, Standing Committee member of the provincial party committee and first deputy head of the provincial leading group for family planning, made a report entitled "Promote Both Production and Family Planning and Reduce Population Growth Quickly."

The conference analyzed the province's situation in family planning over the past year. The situation in this regard is good. The province's natural population growth rate last year was 1.74 percent, slightly lower than that in 1978. Although Anhui has made progress in the work of family planning, it still lags far behind fraternal provinces and municipalities. To achieve the 1980 target for population control set by the state for our province, the conference made the following recommendations:

1. Leaders of party committees and governments at various levels should raise their understanding and strengthen their leadership over family planning. Party secretaries should take command, and the whole party should participate in the work of family planning. This work should be included on the agendas of party committees, who should discuss and vigorously grasp this work four times a year. In accordance with the requirement for promoting production and family planning, it is necessary to speed up economic construction and reduce the population growth rate. We should undertake the work of population control as vigorously as we do production work.

2. All localities should take economic measures to quickly shift the emphasis of family planning so that each couple will have only one child. It is necessary to rapidly promote the rate of couples having only one child, to bring the number of couples having two children under strict control and to firmly ban a couple from giving birth to three children.

3. Propaganda, theory and education departments at various levels should give wide publicity to family planning and carry out profound education in this regard. They should criticize the doctrine of Confucius and Mencius, eliminate the concept of regarding men as superior to women, change old or traditional ideas and step up the study of population theory. It is necessary to promote a new habit that it is honorary to practice family planning but shameful to give birth to children in a blind way.

4. Medical and health departments, mass organizations and governments at various levels should do their share in family planning in connection with their own work.

Gu Zhuoxin and Zhao Shouyi, secretaries of the provincial party committee, addressed the conference. (Lan Ganting), deputy secretary of the provincial party committee, made a concluding report.

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## GENERAL ECONOMIC INFORMATION

### SHANGHAI GARRISON SUPPORTS INDUSTRY, AGRICULTURE

Shanghai JIEFANG RIBAO in Chinese 10 Jan 80 p 1

[Unattributed report: "Shanghai Garrison Command Supports Agricultural and Industrial Production"]

[Text] Commanders and fighters of the Shanghai Garrison Command have taken an active role in and have supported industrial and agricultural production in accordance with the army's glorious tradition of supporting the government and cherishing the people and of cooperation between the army and people. Last year, they devoted over 124,000 work days to helping various localities to transport over 2,200 tons of supplies, to harvest crops on 18,300 mu of farmland, to repair over 570 farm tools and machines and to collect over 1,300 piculs of green manure.

Last year, various units under the Shanghai Garrison Command organized manpower and material resources to help the peasants plant spring crops; plant, tend and harvest summer crops on a crash basis; plough land; and sow and harvest crops during the autumn and other busy farming seasons. At the beginning of the last summer's harvesting season, the Shanghai Garrison Command's leading comrades led personnel from its various offices and detachments in harvesting wheat. Many divisional and regimental level leading cadres also played an exemplary role by working side by side with other cadres and fighters on the forefront of agricultural production. Last August, the leading organ of a certain regiment stationed in Jinshan decided to close down its office for 2 days so that it could lead its cadres and fighters in helping a nearby production brigade to plant and sow crops on a crash basis. Whenever disasters struck, all units under the Shanghai Garrison Command were ready to go all out to rescue the people and protect property. Last summer, when typhoon number 10 hit Shanghai, the roaring waves and high tide ruptured and collapsed a 4,000-meter long dike on Hengsha and Changxing Islands. In that time of distress, the cadres and fighters of a certain regiment stationed on Hengsha Island, under the leadership of its commander Li Zhenhe [2621 2182 0735], helped the masses to rebuild the dike. Some comrades braved heavy rain and spent over 30 hours combating the flood. In a spirit of cooperation, the army and people eventually controlled the flood and saved the people's lives

and property. While helping the people carry out industrial and agricultural production, some units under the Shanghai Garrison Command often took advantage of their facilities to help the masses develop production. When learning that a large number of hogs purchased by the Sungjiang supply station of the Shanghai Commerce Bureau were in danger of dying of sunstroke last summer if they were not transferred out of the area, the unit stationed there immediately put 10 trucks at the disposal of the Sungjiang Supply Station so it could move the hogs.

Last winter, the units stationed in counties on Shanghai's outskirts voluntarily organized the manpower to help carry out farmland capital construction. Over 400 cadres and fighters sent by the unit stationed in Chuansha recently were praised by the masses for working with them for 3 consecutive days to reclaim land along the Chuanyang River. The garrison units stationed in Shanghai City have developed good relations with the nearby factories, commercial stores, and shops in the marketplaces and have voluntarily performed services for them. Some cadres and fighters have actively served the people well by standing guard at wharves and railway stations.

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## GENERAL ECONOMIC INFORMATION

### SHANGHAI GARRISON SOLDIERS PARTICIPATE IN LOCAL CONSTRUCTION

Shanghai JIEFANG RIBAO in Chinese 10 Jan 80 p 1

[Report by Shao Guisi [6730 2710 0934], Zhang Wenbiao [1728 2429 1753], Yuan Xuedao [5913 1331 6670], and Cai Jili [5591 2601 4539]: "Shanghai Regiment Aids Local Construction"]

[Text] On 6 January, hundreds of young fighters of a certain regiment of the Shanghai Garrison Command were observed being active at a construction site near the Chuanyang River; they were moving and carting away earth. They were this year's new inductees receiving their initial education in supporting the government and cherishing the people, which must be backed up with practical action. This form of education, which is aimed at helping inductees, cadres and other fighters to become acquainted with the army's glorious tradition of supporting the government and cherishing the people, has been made available by this regiment for several years now. It is given whenever new fighters are inducted, when cadres and fighters are transferred from one station to another, and during every New Year's Festival.

During every busy farming season, the regiment's party committee leads its cadres and fighters to help local communes and production brigades plant and harvest crops on a crash basis. In the event of typhoons and floods, they join the local county party committee in combating these natural disasters in defiance of all danger and put their trucks at the latter's disposal. The three battalions and eight companies under the regiment have received a citation from a local commune in recognition of their successful efforts in protecting a dike during a flood and "in appreciation of the joint army-public operation against disasters and their close relations, which are like that of fish to water." Shortly after learning that a civilian work force in Chuansha County had difficulties in completing the construction of a canal on schedule, the regiment's commander and political commissar personally led 10 companies to accomplish a task in 3 days that otherwise would have taken 10 days to complete. Last spring, when three battalions concentrated on reclaiming tidal land, dredging the Dazhi River, it still managed to send a force to clean up a major communications artery in response to an urgent demand from the county's authority.

To improve relations between the army and government and between the army and people, discipline must be strictly observed by its fighters and a friendly attitude toward the people must be maintained. Whenever a contradiction between the army and government or between the army and people arose, the regiment never shirked its responsibility to find ways to resolve it. This regiment is also known for its responsiveness to the people's demands. In 1979, it contributed nearly 13,000 work days or 77 per cent more than the target set by its higher authorities to help industry and agriculture develop production and carry out construction.

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## GENERAL ECONOMIC INFORMATION

### SHANGHAI-HONG KONG, XIAMEN-HONG KONG SHIPPING SERVICE OPENED

Beijing GONGREN RIBAO in Chinese 8 Jan 80 p 1

[Text] Exclusive--On 7 January, a passenger liner S.S. Shanghai set out on her maiden voyage to open the shipping service between Shanghai and Hong Kong. Leading comrades of the Ministry of Communications and departments concerned in Shanghai Municipality attended a ceremony marking the occasion. S.S. Shanghai is a 10,000-ton passenger and cargo ship. With 115 cabins, she can take 459 passengers. She also has space for 2,000 tons of cargo, some of the space refrigerated. She is fully equipped to provide the maximum in comfort and safety, complete with a dining room, a movie house, a dance hall, a swimming pool, a barber shop, a library, a store, a hospital, a nursery, and a bar. She is scheduled for two sailings a month, round trip between Shanghai and Hong Kong. Each one-way voyage lasts 2 and a half days.

Another passenger liner, S.S. Gulangyu to serve between Xiamen and Hong Kong also set out on her inaugural voyage on 1 January. Departments concerned in Fujian Province and Xiamen City also held a ceremony to mark the inaugural sailing. This passenger ship leaves Xiamen every Monday and Hong Kong every Wednesday. The trip takes only 20 hours one way.

Two other shipping lines, between Guangzhou and Hong Kong and between Shantou and Hong Kong, are also under consideration and will be inaugurated soon. S.S. Xinhou, the ship selected to ply between Guangzhou and Hong Kong, is equipped with a swimming pool and other passenger facilities. She can take 700 passengers. She will leave Guangzhou at 11:00 am every morning and Hong Kong at 11:00 pm every night, with a 7-hour sailing time each way, once the shipping service is inaugurated on 25 January. Shortly after that, S.S. Dinghu will open the service between Shantou City and Hong Kong. These shipping services are expected to relieve the transportation burdens on the Guangzhou-Shengchuen Railway and to reduce railway passenger and cargo congestion.

These services will connect Shanghai, Xiamen, Guangzhou and Shantou cities to Hong Kong by shipping for the first time in 30 years since the founding of the People's Republic of China. They are put in for the convenience of overseas Chinese and compatriots in Hong Kong and Macao, who have long hoped for such services. The opening of such services will be welcome news for them. Furthermore, these services are also expected to greatly stimulate foreign trade, local economy, and tourism.

## GENERAL ECONOMIC INFORMATION

### BEIJING INDUSTRY REPORTS GAINS IN NOVEMBER

Beijing BEIJING RIBAO in Chinese 7 Dec 79 p 2

[Text] Exclusive--Our reporters have learned from departments concerned that the broad masses of staff and workers on the industrial and communications front in Beijing Municipality, after having chalked up impressive records in output and profitability in the first 10 months of the year, went on to set new records in total industrial output and in revenues turned over to the state coffers in November. The growth rate was so high and the general performance was so good that they were heartening to hear.

According to statistics, the total industrial output in November amounted to 1.92 billion yuan in value, up by 3.4 percent from October and up by 22.1 percent from November 1978. By the end of November, 94 percent of the 1979 annual production target was fulfilled, a performance that bettered that of the first 11 months of 1978 by 9.3 percent. The growth rate for the light industrial sector was 11.2 percent and that for the heavy industrial sector, 8.4 percent. The light industry continued to grow at a faster pace than the heavy industry.

The 15 industrial bureaus in Beijing Municipality turned over to the state a total of 293 million yuan in revenues in November, up by 12.7 percent from October. In the period from January to November, they already fulfilled 90.7 percent of the 1979 annual revenue projection, up by 6.4 percent from the first 11-month tally of 1978.

The Beijing industry has already prefulfilled the 1979 annual production quota on 35 commodities, including chemical fertilizer for agricultural use, cotton yarn, cotton piece goods, soap, and alcohol, out of the 121 major commodities, while it is making satisfactory progress toward fulfilling, or even prefulfilling, the 1979 annual production quota on the other 108 commodities.

In previous years, the weather would turn cold in November. This would mean more coal and electricity consumed for heating purposes and less for industrial purposes. As a result, industrial output would usually decline. This year the cycle was broken. Industrial output shot up instead. Not only production, output value and revenues went up, but quality improved, wastage went down, and the number of items that were sellable also increased.



The Textile Bureau prefulfilled the 1979 annual quota on 12 out of 16 major product categories, but kept on running at full capacity to produce more sellable items. The Handkerchief Factory came up with more designs this year to avoid a buildup of unsold inventory. Recently it put 80 designs on exhibition and received orders for 1 million handkerchiefs from wholesale departments. In November, the bureau's output value showed a gain of 32 percent over November 1978.

The trading departments turned over to the state 57 percent more profit this November. The Second Bureau of Light Industry, with the help of export departments, sprang to life with a more "imaginative" approach and received more export orders. It succeeded in putting some hitherto unexported items on the international market. The bureau prefulfilled its 1979 export quota.

The industry in Beijing city had got off to an uncertain start this year, facing shortages in fuel, electric power and raw materials. On the other hand, inventory was heavy. Many factories did not run at full capacity or ran at half capacity. In the first half of the year, the industry-wide revenues that reached the state coffers amounted to only 1.2 billion yuan, or 42 percent of the 1979 annual revenue projection. When July came, some 200 million yuan in projected revenues did not materialize and was owed to the municipal government. In mid-July, the Beijing Municipal Revolutionary Committee, deferring to the wishes of the CCP Central Committee and the State Council to restructure the economic management system, decided to try out the concept of letting the state-run industries and enterprises keep a percentage of their revenues for themselves. It selected some 300 enterprises for this trial. This policy, by striking a balance in the interests among the state, the enterprise and the individual worker, has fired the enthusiasm of thousands of cadres and staff members and workers for hard work. In addition to letting the enterprise retain a percentage of its profit, other new methods such as adjusting marketing approaches to stimulate consumer interest, introducing an economic accounting system in the enterprises, and replacing the system of conferring honors with the system of actually awarding rewards to good performers, have helped to add a new look to the industrial and communication front of Beijing Municipality in a short time. This situation is summed up by this graphic phrase: the enterprises are now outfitted with "propellers." Without any urging from higher authorities, the enterprises themselves are making it their business to increase their output, to improve the quality of their products, to develop more sellable items, and to open up new markets for their products.

Our reporters have interviewed a number of comrades at the bureau and enterprise levels. All of them have expressed satisfaction with the good industrial showing during the second half of the year. They say they are very confident that they will successfully overfulfill the 1979 annual state plan on industrial production. They point out that their "confidence" is not an "accomplishment" yet. They are going to redouble their efforts and do a good and conscientious job.

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## GENERAL ECONOMIC INFORMATION

### GUANGDONG READJUSTS 269 INDUSTRIAL ENTERPRISES

Guangzhou NANFANG RIBAO in Chinese 14 Jan 80 p 1

[Article by Zhu Qi (3796 1142) and Li Liti (2621 4539 6437): "Do a Good Job of Readjusting Industry According to the Needs of Society"]

[Text] Readjusting industry according to the needs of society, the industrial departments of various districts in Guangdong Province last year closed, stopped, amalgamated and shifted 269 enterprises whose sites were not rational or which for various reasons could not continue production. This has brought rather good economic results.

In the past few years, because our province gave inadequate consideration to overall balance in developing industry, the various districts blindly ran some factories. Once these factories started producing, problems arose one after another such as natural resources not being clear, raw materials being insufficient or siting being irrational with duplicate factories and products without markets. In addition, business operations were not managed well with high consumption and large losses. Many factories found it difficult to continue to maintain production. Therefore, last year the industrial departments of the various districts of the province, in keeping with the policy on readjusting the national economy and after carrying out a widespread investigation and study, proceeded from the needs of society and amalgamated some enterprises with duplicate products or whose locations produced duplication and ceased operations of some enterprises with low product quality, high consumption and large losses. At the same time they organized some enterprises to shift production to goods which meet the demands of the market and are salable. Statistics indicate that the province has already readjusted 269 industrial enterprises, of which 85 have been closed or ceased operations and 184 have been amalgamated or shifted production. Looking at the readjusted percentages according to type of activity, 12 percent of the province's small-scale nitrogen fertilizer plants have been readjusted; 15 percent of its small-scale coal pits have been readjusted; 11 percent of the machinery enterprises in the province's No 1 machinery system have been readjusted; and 40 percent of the key small scale iron and steel plants have been readjusted.

Relatively good economic results have been obtained by this preliminary readjustment:

One, the enterprises have come to life and production has developed. For example, during the first half of last year the production tasks were inadequate or seriously inadequate in 60 percent of the 455 state-operated industrial enterprises in the province's No. 1 machinery system. With the readjustment and broadening of the paths of production, output has increased quite a lot, with the provincial machinery industrial output value last year increasing by 6.1 percent over the previous year.

Two, duplicate production and duplicate siting have been reduced. The location of industry has taken a step towards improvement. For example, the original nine production facilities for hand-guided tractors were changed by readjustment into one key and two auxiliary factories, with the other facilities shifting to the production of spare parts for hand-guided tractors. Hand-guided tractor output and quality have both improved.

Three, backbone enterprises have been strengthened and "short-line" products increased. The Guangzhou Machine Tool Plant originally produced three kinds of machine tools. Among these the C6132 machine tool is an export good. Its export demands could not be satisfied because production capacity was inadequate. With the readjustment the other two machine tools were given over to other factories to produce and 430,000 work-hours on spare parts were spread around. Machine tools exported were more than double the year before.

Four, coordination along specialized lines was promoted, transforming the backward condition of some enterprises being "large and complete" or "small and complete." For example, the umbrellas exported by the Jiangmen Xingguang /Starlight/ Umbrella Factory are of high quality and cannot meet the demand on foreign markets. Yet because their parts and fittings were scattered and produced in various factories, production, supply and sales were not unified and the product was not formed into a complete set. This affected the development of production. With readjustment, the department in charge in Jiangmen Municipality organized the other accessories factories and the Xingguang Factory into a general umbrella factory, carried out centralized management and specialized production on the basis of coordination and division of labor. Total output increased from 110,000 umbrellas in 1978 to 198,000 last year.

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## GENERAL ECONOMIC INFORMATION

### BRIEFS

**EAST CHINA MATERIAL SUPPLY**--Leading cadres of more than 80 means of production service companies in six east China provinces and one municipality [presumably Shanghai] recently held a meeting in Shanghai. They exchanged experiences in promoting material supply. The meeting decided to set up a east China means of production service network in order to do a good job in means of production service, accelerate material circulation and insure the supply of necessities for production. [OW031037 Shanghai City Service in Mandarin 2300 GMT 2 Mar 80 OW]

**JIANGSU CHEMICAL BUREAU MEETING**--Jiangsu Province held a meeting of directors of prefectural and municipal chemical industry bureaus from 25 February to 2 March in Nanjing. Wang Bingshi, Standing Committee member of the Jiangsu Provincial CCP Committee and vice governor of Jiangsu, spoke at the 26 February session of the meeting. He praised chemical industry workers in Jiangsu for making good achievements in 1979 and encouraged them to work still harder. The meeting set 1980 tasks for the chemical industry in Jiangsu--to increase production, improve quality of products, conserve energy and strengthen leading bodies. [OW041037 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 2 Mar 80 OW]

**SHANGHAI DISCUSSION MEETING**--The Shanghai discussion meeting on economic problems continued recently to discuss improvement in the economic structure. It was attended by more than 300 experts and theoreticians, and was presided over by (Huang Yifeng), president of the Shanghai Academy of Social Sciences. (Doing Jiagen), director of the Shanghai Municipal Planning Commission, and the responsible persons of the municipal metallurgical industry bureau and supplies bureau spoke at the meeting. Chen Jinhua, deputy secretary of the municipal CCP committee, also attended and spoke at the meeting. [Shanghai City Service in Mandarin 1130 GMT 27 Feb 80 OW]



GUANGDONG ACADEMIC MEETING--Guangzhou, 24 Feb--The Chinese Academy of Sciences recently held an academic meeting on chemical fibers in Guangzhou Municipality, Guangdong. The attending experts called for close attention to be paid to the use of natural fibers to meet people's needs and serve in building the four modernizations, while vigorously developing the production of synthetic fibers. Chemical fibers are comprehensively used in the paper making, textile, plastics, food and medicine industries as well as in the development of energy. According to these experts, China may turn out some 100 billion tons of natural plant fibers annually. [OW241633 Beijing XINHUA Domestic Service in Chinese 0247 GMT 24 Feb 80 OW]

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## FINANCE AND BANKING

### BRIEFS

**BANK LOANS**--According to a report by CAIMAO ZHANXIAN BAO [FINANCE AND TRADE FRONT], the State Council recently approved and circulated a report by the State Economic Commission, the People's Bank of China and other units on a tentative regulation on extending middle- and short-term special loans to light and textile industrial enterprises. According to the report, starting in 1980 the People's Bank of China and the Bank of China will extend 2 billion yuan of middle- and short-term special loans to light and textile industrial enterprises and US\$300 million of loans in foreign exchange to the buyers. The regulation specifies the recipients, scope and requirements of the loans as well as renewal and repayment procedures. [Beijing Domestic Service in Mandarin 0400 GMT 8 Feb 80 OW]

CSO: 4006

## FUELS AND POWER

### PRC SCIENTIST PROPOSES DEVELOPING NUCLEAR ENERGY

OW231328 Beijing XINHUA in English 1250 GMT 23 Feb 80 OW

[Text] Beijing, 23 Feb (XINHUA)—A prominent Chinese nuclear scientist called today for prompt planning to develop nuclear power in China, calling nuclear energy "an inalienable part of the future energy sources in China."

Nuclear Scientist Jiang Shengjie, who is also vice-minister in the second ministry of machine-building, made his remarks in a report to the current seminar on using atomic energy to serve China's socialist modernization. His report was entitled "The Way To Develop Nuclear Energy in China."

Jiang Shengjie said that he believes China "must quickly make a long-term plan for the energy sources and a programme for the development of nuclear power while scientific research work in this respect must proceed immediately."

He said that since China is still weak in science and technology, it should pay close attention to scientific research work in the field of nuclear power.

"The policy of relying mainly on our own efforts while seeking external assistance as auxiliary is the only way for China to develop nuclear power," he said.

The seminar is being held concurrently with the founding congress of the Chinese Nuclear Society, which is being attended by 350 nuclear scientists from throughout the country.

Jiang Shengjie predicted that "at our next meeting we will be able to see the rich results of the scientific and technological research work for the development of China's nuclear power."

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## FUELS AND POWER

### IMPORTANCE OF ENERGY RESOURCES STRESSED

Beijing BEIJING RIBAO in Chinese 23 Nov 79 p 3

[Article by Xu Shoubo [1776 1108 3134]: "The Relationship Between Energy Resources and Economic Development"]

[Text] How are energy resources related to the development of the national economy? Under normal circumstances, the growth rate in energy consumption is in direct proportion to the growth rate in Gross National Product. Statistics from 1952 through 1975 indicate that among the industrially developed countries, Japan had the highest rate in energy consumption, averaging 8.8 percent a year. Its growth rate in GNP was also the highest--an average of 8.7 percent a year. Great Britain had the lowest growth rate in energy consumption--an average of only 1.1 percent a year. It also had the lowest growth rate in GNP--an average of only 2.7 percent a year. This pattern also holds true for the same country in different periods. Japan registered the highest rate in energy consumption in the 1960's--an average of 12.2 percent a year. Its gains in GNP were also the most impressive in the decade--an average of 10.8 percent a year. The energy crisis in the 1970's reduced energy consumption in Japan to an average annual growth rate of 3 percent and similarly held down the growth of GNP to an average annual rate of 5.4 percent. In China the same thing happened. During the period of the First Five-Year Plan, energy consumption grew by the fastest rate of an average of 15 percent a year. The GNP growth was also the fastest--an annual average of 10.9 percent. All this goes to prove that in any country at any time, a fast pace of economic development must always be accompanied by a corresponding rapid increase in energy consumption.

The cases cited above leave no doubt that energy resources constitute an essential factor for GNP growth and indispensable material conditions for the development of national economy. To put it in another way, an energy shortage will hamper economic development, even cause irreparable losses. The losses resulted from the 1974 worldwide energy crisis are a case in point. In that year, the United States was short 116 million tons of energy. Its GNP also declined by 93 billion U.S. dollars. The energy shortfall for Japan was 60 million tons. The corresponding GNP decline was 48.5 billion U.S. dollars. West Germany, England and France suffered similar



losses. By analysis, economic losses caused by energy shortage are usually from 20 to 60 times that of the value of energy that falls short. In our country, if we are caught short of 10 million tons of energy, we will suffer economic losses to the tune of 10 billion yuan.

How can energy supplies so directly affect the development of our national economy? We will have a clearer picture if we are to review the human history of social production. Before the Industrial Revolution, man's energy requirements were limited to his own muscle power, animal power and natural forces (wind, water). Social production developed at a slow pace. Then coal and steam power were discovered. When this power was put to work, it was like more people put to work. Therefore it was a substitute for manpower. Since then social production has picked up speed never before achieved. In this context, energy resources equate to labor forces and production forces. Take transportation as an example. A train pulled by a steam locomotive is 10 times faster than a cart pulled by man. There the use of 1 ton of coal is equivalent to the use of 10,000 able-bodied men to pull the train. By the same token, the discovery (invention) and application of electricity, petroleum, natural gas and nuclear power have accelerated the development of social production. Therefore, if we are to cut down manpower consumption and improve productivity as we strive toward the four modernizations, we must increase our energy consumption.

Let us call the ratio between energy consumption and average annual GNP growth rate "Coefficient of energy consumption growth." Let us call the ratio between the two in dollar terms "Coefficient of energy consumption value of energy consumed to produce 10,000 yuan worth of merchandise). What will cause variations in these coefficients? We believe the following four factors are decisive:

1. The structure of the national economy. Energy consumption is closely related to the makeup of the national economy. The industrial sector in the national economy consumes the most energy. For example, it takes more than 3 tons of energy to produce 1 ton of non-ferrous metals, ferrous alloys, or synthetic ammonia. It takes from 1 to 3 tons of energy to produce 1 ton of iron, calcium carbide, or plastics. The machine building, fuel tapping and light industries consume less than 1 ton of energy for each ton of produce made available. Urban public service departments, private homes and the transportation sector consume even less energy. The agricultural sector is the smallest consumer of energy. If there is a large industrial sector in the national economy and especially, if the energy-intensive industries are growing fast, energy consumption will grow very fast. On the contrary, if we are to develop energy-efficient industries that produce high-value items, we can cut down on energy consumption.

2. Efficiency in energy use. Energy consumption is the sum total of energy efficiently used and energy lost. By our estimate, we are getting only 28 percent efficient use out of fuels for heating purposes and wasting the other 72 percent through energy losses. If the GNP growth rate is to remain

constant, energy consumption will run in reverse proportion to the rate of efficient energy use. In other words, if we can double the rate of efficient energy use, we can cut energy consumption by half.

3. Output, quality, raw material consumption and transportation cost of each item. Energy consumption can be divided into direct and indirect consumption. As far as direct consumption is concerned, energy consumption increases along with output increase in most cases. In some cases, when we increase output, we can cut down on unit energy consumption. By the same token, if we can keep wastage down and improve quality, it is like producing more of an item at higher value. That is also one form of conserving energy. In addition to direct energy consumption, we also run up indirect consumption when we require raw materials and transportation in our production because energy is also consumed in the manufacture of raw materials and in transportation. For example, we will consume 2 tons of energy to produce 1 ton of steel. Then we will consume another ton of energy transporting 10,000 tons of steel by truck for the distance of each kilometer. In this sense, if an enterprise can cut down on its raw material and transportation needs, it is also conserving energy. In short, any effort to achieve economy in producing an item is an effort to conserve energy indirectly.

4. Needs for livelihood. There is a correlation between energy consumption and natural population growth and between energy consumption and improvement in living standard. As population grows and the living standard improves, energy consumption also increases. Consumption of energy in private homes and by the public sector (commerce, municipal government, culture, education, public health, etc.) which provides services to each member of the society will increase with population growth. There must be a guaranteed minimum energy consumption with each addition to the population.

To sum up, the development of national economy is closely related to energy consumption. We must address the energy problem with a double-barreled approach--to increase energy supplies and to conserve energy--both for present when our national economy is going through a period of adjustment and for the future when our economy gets into high gear. Only thus can we create conditions favorable for the rapid development of our national economy.

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CSO: 4006

## FUELS AND POWER

### THREE CHINESE COLLEGES SCORE SUCCESS IN ENERGY CONSERVATION

Beijing GUANGMING RIBAO in Chinese 12 Jan 80 p 2

[Article by Li Ronghe [2621 2837 0735] and Wu Fengyi [2976 7685 0308]:  
"Northeast Electric Power Engineering College Launches Energy Conservation  
Research"]

[Text] The Northeast Electric Power Engineering College, the Jilin Medical College and the Jilin University have scored gratifying success in energy conservation.

The Northeast Electric Power Engineering College has made new progress in developing an "energy conservation boiler or stove," using low quality instead of high quality coal, for industrial production and for home use. So far, this type of boilers designed and produced by this college has been made available to industries and homes in over 10 provinces and municipalities. Over 2,000 blueprints of such boilers have been distributed to units concerned for use. According to incomplete statistics, over 4 million tons of high quality coal have been saved as a result of the use of such boilers.

The Physics Teaching Research Group of the Jilin Medical College has successfully trial-produced a "solar energy infra-red radiation therapeutic device" powered by solar energy instead of electricity. This solar energy is produced by separating the "infra-red radiation" from the natural sunlight spectrum and by applying the theory of "diffraction grating." This therapeutic device can be used by clinics to treat strained muscles, rheumatism, neuritis, gastric ulcers and other diseases, and has proven over 90 percent effective.

The Chemical Department of the Jilin University has promoted the infra-red heating technology to conserve energy. It has successfully trial-produced a "silicon oxygen infra-red lamp" which can be used as a speedy heating device to dry, solidify and dehydrate agricultural products. The Changchun Tractor Plant has used this highly effective energy conservation heating device to dry the painted parts for its "Dongfanghong-28" tractors and has cut power consumption by 30 percent.

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## FUELS AND POWER

### SOLAR ENERGY BATTERIES PRODUCED IN YUNNAN

Beijing GUANGMING RIBAO in Chinese 12 Jan 80 p 2

[Article by Liu Quanhjian [0491 0356 0256]: "Kunming Teachers College Researches Use of Solar Energy"]

[Text] The solar energy laboratory of the Kunming Teachers College has scaled a new peak and scored a new success in the use of solar energy, in defiance of difficulties. It has developed a technological process of producing a "chemical galvanized pure nickel electrode black silicon solar energy battery," thus brightening the prospect of the commercial use of solar energy batteries on the earth.

Since its establishment in 1971, this laboratory has devoted itself to developing a silicon solar energy battery in addition to ordinary batteries, including violet, black-colored and high efficient batteries, with their photoelectric convertibility rate surpassing that of their counterpart produced in other parts of the country. Besides, it has also successfully produced stoves, water heaters and automatic photoelectric tracking devices all powered by solar energy.

The solar energy batteries consist of highly adhesive electrodes made of silicones, which are now being produced at home and abroad through the application of a technology called a "vacuum vaporization and galvanic process," a process which requires complicated vacuum devices, takes a longer time to complete, and consumes a large amount of pure metallic materials at great cost. Following 3 years of experimentation, the laboratory has developed a new technological process of producing negative and positive electrodes and the "chemical galvanized pure nickel electrode black silicon solar energy batteries."

Last May, the Yunnan Provincial Party Committee invited scientists and technicians of units concerned to a meeting to discuss and verify these products. Their consensus was that those high quality electrodes and batteries could be produced with relatively simple equipment at a lower cost; efforts can still be made to further reduce their production costs, thus blazing a new trail in the production of silicon solar energy batteries for use by the people on the ground.

During the early days of its founding this laboratory was operated by five teachers and three middle school level youths not trained in the application of solar energy; its equipment was simple and budget small. But they worked hard to gather information on solar energy from various sources, while using discarded materials to produce equipment. The result was an outstanding contribution to solar energy research.

This laboratory, which was named an advanced collective during the National Science Conference for its achievements in scientific research, is now concentrating its efforts on the production of the round-shaped "chemical galvanized pure nickel electrode black silicon batteries" at a lower cost than its earlier products, in addition to carrying out other research projects on the use of solar energy assigned by the state.

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## FUELS AND POWER

### OVER 7,000 SMALL HYDROELECTRIC POWER STATIONS BUILT IN 1979

Beijing GUANGMING RIBAO in Chinese 18 Jan 80 p 1

[Article: "For Providing the Vast Areas with Source of Energy, 7,000 Small Hydroelectric Power Stations Were Completed in 1979"]

[Text] Construction of small hydroelectric power stations has been undergoing rapid development in China and providing the vast rural area with a large number of sources of energy. In 1979 alone, 7,114 stations were built in the country, and the newly installed equipment was capable of generating 1,070,000 kilowatts of electricity, surpassing the target by 7 percent. The new capacity increase in 1979 for small hydroelectric power stations exceeded the increase in the same year for medium and big hydroelectric power plants. The year 1979 saw the greatest development of small hydroelectric power stations since the liberation. Up to now, there are 90,000 small hydroelectric power stations located in 1,500 counties in the country. Among these, there are 600 counties which depend mainly on such stations for household, rural and township agriculture and industrial power supply.

In provinces and regions of south China, small hydroelectric power stations have become the main source of power supply for administrative areas below the county level. This good news gathered by this reporter at the national small hydroelectric power on-the-spot conference vividly explains that small hydroelectric power stations have a great role to play in the construction of national economy.

The national small hydroelectric power on-the-spot conference was in session in Chengdu from 10 to 17 January. Qian Zhengying [6929 2973 5391], minister of water conservancy, Lia Baohua [2621 5508 5478], chairman of the Bank of China, Chang Fanggao [7022 2455 4108], chairman of the Agricultural Bank of China, and Li Boning [2621 0130 1380], vice minister of water conservancy, attended the conference. They unanimously pointed out that China has rich resources of water power. According to plan, one-third of these resources will be developed in the year 2000. These resources are a great potential source of energy and will play an important role in carrying out agricultural modernization. In places where resources of water power are located, small hydroelectric power stations constitute a local force for electric power industry. Their advantages are that they need small amounts of capital

investment and short time for construction. Easy to build, they show quick results. To build such stations is an important measure to put like into the rural and local economy. From the viewpoint of the need of speeding up agricultural development, small hydroelectric power stations have a great future and a great significance. There should be a greater development in the next 2 years. Those who attended the conference concluded that there are four advantages to developing small hydroelectric power stations if they are built for achieving greater, faster, better and more economical results: Providing cheap energy for the development of industrial and agricultural production, and county and commune enterprises, and reducing the load of main power supply networks; creating conditions favorable for the building of rural water conservancy projects; accumulating capital funds for commune and production squads; and improving people's livelihood.

The conference fully confirmed the experience of Sichuan in building small hydroelectric power stations. The new equipment installed in the last 3 years was equal to one-half of the equipment installed in the last 27 years. Their main experience was that the key comrades of the provincial party committee were personally engaged in the power station construction. The provincial party committee has drafted concrete measures for carrying out the principle determined by the Party Central Committee in regard to the building of small hydroelectric power stations; that is, "who builds [the stations] will own, manage and receive the benefit [of these stations]." Power stations, transformers and power transmission equipment owned by districts, counties communes and production squads should not be taken over by any superior level organization. Those stations which have already been taken over should be returned to the original owner. Between power supply networks, big ones should support the small ones, and vice versa. They should operate together. Economically, policies should be formulated beneficial to the development of the small hydroelectric power stations. Technologically, all government departments, research organizations, schools and factories should be organized to help the construction of such stations. At the same time, new avenues should be opened by building experimental stations at certain localities under the co-sponsorship of county and commune, adopting the method of capitalization by issuing stocks, paying dividends on stocks, and giving incentive to the masses for developing small hydroelectric power stations. The conference considered that the experience of Sichuan has resolved the basic problems currently encountered by various localities in building small hydroelectric power plants, and it should be promoted throughout the country.

The conference was also attended by delegates from various provinces, municipalities, autonomous regions, water conservancy organizations, banks, related units of the State Council, and some institutions of higher learning.

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CSO: 4006

## FUELS AND POWER

### DAQING SCORES SUCCESS IN OIL PRODUCTION RESEARCH

Beijing GUANGMING RIBAO in Chinese 7 Jan 80 p 1

[Article by GUANGMING RIBAO correspondent Liu Fuguo [0491 1381 0948]:  
"Daqing Scientific and Research Design Institute Achieves Results in  
Scientific Research"]

[Text] Beginning from 1979, the Daqing Scientific and Research Design Institute has devoted itself to scientific research aimed at increasing oil output. So far, it has produced 63 results in this field of which 4 met the world's advanced standards and 25 reached China's advanced levels. In 1979, its main task was to organize forces to solve some urgent and practical problems in production in coordination with other units. During the past 20 years, oil mainly came from Daqing's good and highly permeable formations. In the future, oil will have to be extracted from the more tightly packed and less permeable formations; therefore, a key to its continuing success lies in whether or not it can develop new wells to replace its old ones, and keep oil flowing as steadily as before. To achieve this, its researchers have carried out many special research projects centering around the less porous and permeable oil-bearing formations, carefully analyzed their sediments, recycled a waterflooding process under high pressure, studied porous strata of the earth's crust there, renovated some service wells, practiced the recovery of oil from water, and paid attention to the possibility of cave-ins and their effect on the oil drilling operation. In nearly a year, they have gathered over 200,000 mathematical data, analyzed nearly 5,000 samples of rock, and completed over 500 graphic drawings. As a result of a comprehensive research, they have come up with some scientific conclusions on how Daqing can employ its existing equipment and technology to develop those "low and moderate permeability" formations into wells capable of producing oil no less than their predecessors. Another urgent task facing Daqing is to find a reasonable way to recover crude oil from water at a lower temperature, so as to save heat energy. To solve this problems, they have successfully trial-produced a new chemical agent used to recover crude oil from water at a temperature 15 degrees centigrade lower than usual, thus enabling a joint collecting tank capable of handling 7,600 tons of oil daily to save 6.6 million cubic meters of natural gas a year. This energy-conservation agent can compete favorably in quality with any other similar agents of the world's advanced levels.

The institute has also stepped up basic theoretical research aimed at gradually increasing its understanding of some objective laws governing the geological survey of petroleum and oil prospecting. In the past, the institute had concentrated its efforts on studying the subsurface structure of the Songliang Basin and its composition, in an effort to determine why the subsurface temperature there is higher than in China's other basins. This research was inconclusive until after it carried out another scientific experiment last year. At that time, armed with knowledge on gravitational pull and other mathematical data on the depth of the Mohorovicic Discontinuity (the boundary between the earth's crust and mantle) in the Songliang Basin, its researchers applied geophysics to figure out that the thickness of the crust there is less than in China's other basins. This is the reason the subsurface temperature in the Songliang Basin is higher than in China's other basins. At the same time, they applied the block (Ban kuai [2647 1040] theory to study the variations in the depth of the Mohorovicic Discontinuity in relation to the surface features of the Songliang Basin as well as its formation. At its laboratory, this institute has carried out an experimentation simulating the conversion of kerogen--an organic substance of petroleum--into petroleum, thus enabling its researchers to initially understand the necessary condition that enables this conversion to take place stage by stage. Through a study of factors that contributed to the solidification of sandstone and dolomite, they have come to understand the cause for changes in the layers of rock far beneath the surface and the laws governing the evolution of slime and minerals. Through a comprehensive study of basic elements that formed petroleum, they have pinpointed the possible presence of oil in a substance area in the Songliang Basin so that the future oil drillers don't have to waste time in locating wells without guidance. In addition, some other research on characteristics of Paleozoic fossils in the Songliang Basin and variations of crude oil in the Daqing Oilfield conducted by the institute has also contributed significantly to the future oil exploration. The Technical Council of the Daqing Scientific and Research Design Institute recently invited experts in all fields to 83 meetings to discuss and verify its achievements in scientific research.

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## FUELS AND POWER

### BRIEFS

**HENAN ELECTRICITY**--In 1979, the staff and workers on the electricity front in Henan completed the construction of eight thermal electricity generating projects and increased the output of electricity by 460,000 kilowatts. In order to coordinate with the newly constructed power projects, 107 kilometers of 220,000 volt and 119 kilometers of 110,000 volt power transmission lines have been installed throughout Henan. Some 410,000 transformers of 110,000 volts and above have also been installed. [HK010746 Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 21 Feb 80 HK]

**YUNNAN ELECTRICITY MANAGEMENT**--In January 1980, the Yunnan Electricity Bureau increased the electricity supply by 12.5 percent over the corresponding period of 1979, supplying 43 million kilowatt-hours of electricity. During this period, the average coal consumption for each kilowatt-hour of electricity was reduced by 15 grams, saving 6,300 tons of coal. The electricity used by the power plants was reduced by 0.21 percent, saving 820,000 kilowatt-hours of electricity. In January 1980, the rate of power breakdown throughout the bureau was reduced by 13 percent over the corresponding period of 1979. [HK010438 Kunming Yunnan Provincial Service in Mandarin 1330 GMT 20 Feb 80 HK]

**HUNAN POWER CABLE PROJECT**--The building of the 220,000-volt superhigh-tension electric power transmission cable linking Changsha and Zhuzhou was recently completed. When the cable begins operation, it will change the imbalances in electric power generation and supply in the two municipalities, readjust the configurations of the power grids and improve the quality and capacities of power supply. [Changsha Hunan Provincial Service in Mandarin 2315 GMT 15 Feb 80 HK]

**NEI MONGGOL COAL MINE**--Hohhot, February 15--An open-cast coal mine with a projected annual capacity of 300,000 tons has begun production at Xilinhot, a rising town in the central grasslands of Inner Mongolia. The new coal mine is expected to provide a boost for the growing industry in Xilinhot. Herdsmen living in the area will use coal for the first time instead of cattle dung as household fuel. Xilinhot is the site of a former Lamasery. There were previously only a few dozen small mud huts, and most of its population of 1,200 were Lamas. There are now more than 40 enterprises, including those turning out dairy products, leather products, carpets and stockbreeding equipment. The population has grown to over 50,000. [Text] [Beijing XINHUA in English 0744 GMT 15 Feb 80 OW]



## MINERAL RESOURCES

### BRIEFS

GUIZHOU MINERAL DISCOVERY--Guiyang, February 23--A rare underground crystal-line cave was recently discovered by antimony miners in Qinglong County, Guizhou Province, an area in southeast China renowned for its caves. The newly discovered cave is about 15 metres long, 7 metres wide and up to 2.7 metres in height. There are flower-shaped crystals on the walls and the floor is covered with bush-like formations. Glittering vapors are wrapped up in some of the crystals. Specialists term the find a "crystal gypsum cavern," and consider it important to research on the formation of rocks and mineral ores in the area. [Text] [Beijing XINHUA in English 0813 GMT 23 Feb 80 OW]

SHAANXI GOLD DEPOSITS--Xian, 7 Feb--A new gold deposit has been found in Tongguan County of northwest China's Shaanxi Province. It is located near the picturesque Huashan Mountain, which is believed to be a prospective area for such mineral lode. The metal is associated with lead, copper and pyrite. A mine is easy to be built in the locality and transport facilities are available. [Text] [Beijing XINHUA in English 1226 GMT 7 Feb 80 OW]

CSO: 4020

## HEAVY INDUSTRY

### GUANGZHOU REORIENTS IRON AND STEEL INDUSTRY

Guangzhou NANFANG RIBAO in Chinese 15 Jan 80 p 2

[Article by Shi Yediao [2457 0396 6148], Wu Ling [0702 3781] and Feng Bingzhong [7458 3521 0112]: "Steel Commanders Play a Supporting Role; The More They Play It, the More Outstanding They Are"]

[Text] In the course of readjusting the national economy, the iron and steel enterprises belonging to the Guangzhou Municipal Metallurgical Bureau have forged links with reality, summed up the lessons of experience and changed their past tendency to produce for the sake of production. They have cast off their "steel commander" airs and become willing "supporting actors" for industry and light industry. This has led to a heartening change in the iron and steel enterprises.

For the past two decades and more, with the forceful assistance of all trades and industries, Guangzhou Municipality's iron and steel production developed quite rapidly. However, for a long period, the question of the purpose of production was not understood sufficiently clearly. Tendencies existed of "produce for the sake of production" or "produce to guarantee steel." These led to a break in the linkage between production and sales, to overstocking of goods and to losses year after year, wasting the assets of the state. In order rapidly to change this passive situation, the Party Committee of the Municipal Metallurgical Bureau has, since last year, acted according to the policy to readjust the national economy and adopted methods such as cutting the "long lines," promoting the "short lines" and making up deficient areas, in order to provide more and better raw and processed materials to agriculture and light and textile industry. They have adopted several measures and obtained very good results:

--They have gone out, and extended invitations in, to hear in extent the opinions of those who use the products. Since last year the leaders of the bureau have changed their past method of waiting for customers to come to the door and separately led the responsible comrades of some plants to go out into the light industrial and textile trades to seek their opinions of metallurgical products. Altogether, the system as a whole went on over 400 such visits and sent out over 500 mailings. By visiting the customers, they

not only solved some urgent problems of the customers but at the same time stimulated an improvement in the quality of metallurgical products and expanded the markets for those products. The Guangzhou Zinc Scrap Plant, after hearing the opinions of customers, organized its labor force to tackle key problems and raise the finished product rate of aluminum scrap. This enabled the quality of aluminum woks produced by the Guangzhou No 1 Aluminum Products Plant to rise from third grade to second grade.

--They have sought in every way to increase the assortment specifications of iron products and to increase product quality so as to satisfy the demands of production in agriculture and light industry. For example, in order to assist the development of fishery, they have energetically produced zinc-plated steel cable of various specifications; in order to suit the development of light industrial products, they have produced steel wire for umbrella frames, steel spring wire and brass strikers used in producing clocks, wristwatches and meters; in order to speed up the construction of residential housing, they have used angle steel to produce new products such as steel windows. At the same time, they have tackled key technical problems for old metallurgical products which have been "made the same for a decade." Last year in the bureau, equipment reform and forming into sets was tightly grasped for seven key products which directly serve agriculture and light industry. Of these, trial production has already begun on three.

--They have forcefully saved on energy resources to take the initiative in making a way for light and textile industrial production. Since last year, the campaign of the Municipal Metallurgical Bureau to save on energy resources has scored marked achievements. From January to October alone, the entire system saved a total of 6,325 tons of heavy oil, 4,612 tons of coal, 8,112 tons of coking coal and 11.76 million kilowatt-hours of electricity. If this heavy oil were used to roll steel, 42,351 more tons could be produced; and if the electricity were used in Guangzhou's No 2 light industrial system it could satisfy the needs of production of the over 280 enterprises in the system for 38 days.

--They have made thorough use of extant equipment to directly produce light industrial products. For example, the Metallurgical Machinery Repair Plant successfully trial produced a far infrared oven, providing a new style type of equipment for the food industry. After readjustment, the Guangzhou No 2 Fire-Resistant Materials Plant released labor power and equipment to change over to producing angle steel door windows to meet the needs of urban construction. The plant has successfully trial produced a fire-resistant silicon-aluminum fiber material, providing chemical, machinery, electronics and national defense industrial departments with a high grade heat insulation material [the Guangzhou Fire-Resistant Materials Plant].

By playing a supporting role, the "steel commanders" have reduced their own losses and saved state funds. Even excluding subsidies of a policy nature, the entire system made a profit last year.

## HEAVY INDUSTRY

### BRIEFS

GUANGDONG SHIPBUILDING--The shipbuilding industry in Guangdong constructed 85,000 tons of steel ships in 1979, an increase of 11 percent over 1978. The output of cement boats reached 79,000 tons, an increase of 17 percent over 1978, the previously highest recorded level. In 1979, the shipbuilding front readjusted the structure of its products to meet customer needs, strove to improve production technology and the level of management, and effectively launched exports. In 1980, the localities have placed orders for the construction of 150 ships, doubling that of 1979. [Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 17 Feb 80 HK]

JIANGSU CHEMICAL INDUSTRY--Jiangsu Province's chemical industry scored tremendous achievements in 1979. The total output value of the province's oil refinery and chemical industries reached 4.233 billion yuan, or 13 percent greater than 1978, with the chemical industry output value increasing by 16.63 percent. The Nanjing oil refinery fulfilled the state plan for its major oil products and made an increase in profit by 12 percent. Nanjing, Suzhou, Wuxi, Changzhou, Natong and Xuzhou municipalities and Xuzhou, Yancheng, Suzhou, Yangzhou, Zhejiang, Huaiyin and Nantong prefectures exceeded the average rate of growth of the province's industrial and communications front by more than 80 percent. [OW290953 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 28 Feb 80 OW]

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## LIGHT INDUSTRY

### GUANGZHOU LIGHT INDUSTRY PRODUCES MORE FOR MARKET

Guangzhou NANFANG RIBAO in Chinese 5 Jan 80 p 2

[Article by Pan [3382], Qi [3823] and Hui [6540]: "Output Increases By Over 100 Million Yuan in 21 Days"]

[Text] At the same time that the leading departments of the province and municipality have adopted special measures to guarantee a rapid growth in light industry, the factory and cooperative enterprises of the system of the Guangzhou Municipal Light Industrial Bureau have made great efforts to increase the output of marketable goods which satisfy the needs of the market and the people's livelihood. They have succeeded felicitously. According to statistics from 1 January of this year, in the final 21 days of the 70s, the entire system produced 102,120,000 yuan in light industrial products after completing the state production plan ahead of time.

Since last year the relevant leading departments of the province and municipality have adopted special measures in the areas of raw materials, fuel and electricity to guarantee a rapid growth in light industrial production. These have been of great encouragement to the staff and workers in Guangzhou Municipality's light industrial system. The Party Committee of the Municipal Light Industrial Bureau and leaders of the factories and cooperatives belonging to it went out of their offices one after another to carry out social investigations, listen to the opinions of the masses and readjust production according to the needs of the market. First of all, they made great efforts to increase the production of marketable goods which could satisfy needs but were lacking on the market. During the first half of last year the market supply was too tight of principal industrial products for daily use such as detergents, batteries, soap, light bulbs, fluorescent lights, matches, machine-made paper and toothpaste. After the various factories and cooperatives strove to increase their production of these goods, the rate of increase was rather great in the latter half of the year, basically satisfying market supply. At the same time that the Guangzhou Light Bulb Factory strove to increase its output of fluorescent lights and low-wattage light bulbs for household use which were lacking on the market, it also mass produced and put on the market long life low-wattage light bulbs which are suited to voltage changes and 10-watt bulbs which save on electricity. These have been welcomed by the



masses. Secondly, they adopted practical and effective measures to increase product variety and speed up the upgrading of products. According to the statistics, last year the entire system increased the number of its new products, with over 450 new varieties and designs. Fourteen of the 17 products planned to be upgraded were upgraded. Among these, the light-weight aluminum alloy electrically powered multipurpose sewing machine built by the Guangzhou No 2 Sewing Machine Factory and the "Five Sheep Brand" 20 cun /28 inch/ special collapsible bicycle made by the Guangzhou No 2 Bicycle Plant were well prized at the municipal and National Light Industrial Product Exhibitions. Each factory and collective has striven as well to increase product quality at the same time it increases the quantity. Of the 31 main products and 54 indicators which the bureau checks on, all except thermos bottles reached or exceeded the historically best level for the given enterprise. The "Twin Bridge Brand" monosodium glutamate produced by the Guangzhou MSG Food Plant, because its quality has been constantly improved, still cannot meet demand even though MSG production both within and outside the province is facing a condition of saturation of demand.

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## LIGHT INDUSTRY

### BRIEFS

GUANGDONG NO 2 LIGHT INDUSTRY--In January 1980, the total value of the Guangdong No 2 Light Industry output was 300.61 million yuan, an increase of 33 percent over the 1979 corresponding period. Of the 54 main products in the industry, output in 33 had increased many fold over the corresponding 1979 period. Most of these were in support of agriculture. [Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 17 Feb 80 HK]

ZHENGZHOU INDUSTRY--During the spring festival, the staff and workers on the industry front in Zhengzhou Municipality remained at their posts without taking a holiday, fulfilling their tasks with outstanding results. During the festival, (Li Baoguang), deputy secretary of the Henan Provincial CCP Committee and first secretary of the Zhengzhou Municipal CCP Committee; and (Xu Xieling), second secretary of the municipal CCP committee, visited the factories to talk with the workers. According to incomplete statistics, during the spring festival, 77,000 cadres and technicians in Zhengzhou remained at their posts. [Zhengzhou Henan Provincial Service in Mandarin 1130 GMT 23 Feb 80 HK]

HANGZHOU TEXTILE INDUSTRY--Hangzhou, 1 Feb--The total output value of the textile industry in Hangzhou increased 10 percent in 1979 over the previous year. The output of cotton yarn and cloth increased by 5.5 and 13.41 percent respectively in the same period. Raw silk and silk fabrics to the total value of 413 million yuan were produced in 1979, 8.56 percent more than in the previous year. Export textiles account for 15 percent of the city's total textile industrial output value. It also receives orders from buyers to make textiles from their own materials and signed a compensatory trade contract with a foreign firm for building a large weaving shop. Now the city has 25 textile mills. [OW011411 Beijing XINHUA in English 0822 GMT 1 Jan 80 OW]

TELEVISION ASSEMBLY LINE--Tokyo, Feb 17 KYODO--Construction work has begun on auxiliary projects for an imported assembly line for color television linear integrated circuits in Huxi, Jiangsu Province, according to the XINHUA News Agency. The report quoted the Chinese Fourth Ministry of Machine-Building as saying that actual work on the assembly line and the power section will begin in May. Both the technology and equipment for these projects will be provided by Toshiba, a Japanese electric machinery manufacturer, the report said. When the assembly line is put into operation in 1982, it will produce 26 million circuits for 4 million color TV sets a year, it said. A color TV kinescope plant, also imported, is now under construction in Shaanxi Province, the report said. [Text] [Tokyo KYODO in English (no time given) 17 Feb 80 OW]

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## CAPITAL CONSTRUCTION

### SUZHOU HOSTS NATIONAL BUILDING CONFERENCE

Beijing GUANGMING RIBAO in Chinese 7 Jan 80 p 1

[Article by Xia Haoran [1115 3185 3544]: "National Building Conference in Suzhou Discusses New Building Materials"]

[Text] In December 1979, a national conference on exchanging experiences in producing new-type building materials was held in Suzhou, Jiangsu Province. During the conference, some experts exchanged views on how to further strengthen scientific research work on the new-type building materials.

They pointed out: Today, China has completed scientific research on trial production of these new-type wood-frame building materials, has begun to produce them on a massive scale, and has used them to build a large number of homes. Scientific researchers are required to continue their research in order to further improve their quality, and to learn to apply related technology and equipment in the production process.

They pointed out: The aim of research on new-type building materials was to build more economically suitable and good-looking homes at a faster pace, and to improve and perfect their building techniques. Efforts must be made to turn the results of scientific research into productive power, and to further promote and develop this research. To this end, special attention must be paid to develop related technology and equipment.

The production of the new-type building materials calls for a comprehensive research on improving its technology, which involves chemical, light, metallurgical and building materials industrials. During the conference, the experts called on scientific research units to closely cooperate and help each other in building more improved and economically feasible homes for the broad masses of people and to do a good job in this field.

The experts pointed out: In a vast country like ours, where resources are rich and climate varies from place to place, scientific research projects must be carried out in a manner appropriate to local conditions, and builders must take advantage of locally available resources. We must let a hundred flowers blossom and struggle against any idea of uniformity in designing new homes for people.

## CAPITAL CONSTRUCTION

### GUANGDONG 1979 INVESTMENT CUT BACK

Guangzhou NANFANG RIBAO in Chinese 14 Jan 80 p 1

[Article by Huang Zhongliang [7806 1813 5328] and Yang Guoyu [2799 0948 3842]: "Last Year Our Province Curtailed Total Capital Construction Investment by 900 Million Yuan"]

[Text] Last year, acting in accordance with the policy of readjusting the national economy, our province cut back on the capital construction front. In order to guarantee the construction of key projects and make gratifying achievements, the various districts in the province have already stopped or slowed construction on 392 construction projects, reducing investment by 50,000 yuan or more each. Among these are 12 medium or large scale projects. The total amount of investment curtailed is 900 million yuan.

Over the past several years, due to the interference and sabotage of Lin Biao and the "gang of four" and the lack of good planning, Guangdong's capital construction front became longer and longer. According to a preliminary checkup, the various districts in the province had a total of 6,124 construction projects with a total investment reaching 6 billion yuan, greatly exceeding the present capabilities of our province's manpower, materials and finance. Looking at the present situation, it would take 3 or 4 years to complete the construction of these projects even without adding any new items. Especially noteworthy is that some projects are not urgently needed at present, some are not provided with sufficient conditions for construction, some duplicate each other and some, once they are built and put into operation, do not have guaranteed supplies of electricity, coal or oil or sources of raw materials. For this reason, if we do not increase our curtailment of our overextended capital construction front, key construction items which are urgently needed will not be able to go forward. This is bound to hold the four modernizations back. Therefore the relevant leaders of our province have paid very serious attention to this. Since last year they have set up special organs for checking up on capital construction items. Acting according to the principles of "six don't do's" (do not do it if hydrological, engineering geological or natural resource conditions have not been made clear; if there is no design or if the industrial technology is not up to standard; if construction materials, equipment funds or a

construction force is not certain; if fuel power, raw materials, water sources or transportation are not guaranteed; where the technology is backward and consumption excessive; and where the problem of pollution has not been solved) and the "five fixings in advance" (establishing in advance the funding, materials, equipment, design and construction force), they work with the relevant departments and the various districts, municipalities and counties, adopting the "three courts" joint checkup method to examine each item and distinguish the circumstances of each in order to determine which construction should be stopped, which slowed and which cut back.

When the entire province had stopped or slowed down construction on this set of projects, it served a rather good purpose in promoting the guarantee that key projects would be completed. At present, 1600 tons of steel, over 1000 tons of cement and 990 cubic meters of wood have been released from the stopped and slowed construction items. These have been transferred for use in urgently needed projects and key items within the plan. In addition, again using the principle of guaranteeing the key points, the equipment in storage for construction items which have been stopped or slowed down has been appraised and transferred to production and construction units or to units under collective ownership. This has stepped up the pace of production and construction in these units. In particular it has provided a rather good guarantee to the light and textile industries and to urban housing construction. Our understanding is that the urban housing construction for last year could be as much as 3 million square meters. This would be the best year for urban housing construction in history for Guangdong Province.

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## CAPITAL CONSTRUCTION

### BRIEFS

GUANGDONG CAPITAL CONSTRUCTION INVESTMENT--Beginning this year, investment for capital construction in Guangdong will gradually change from allocation of funds from finance revenues to loans from construction bank. Recently, the Guangzhou branch of the construction bank approved seven loans, amounting to 3 million yuan. This is a momentous change in the management structure of the capital construction and is in line with the principle of managing the economy with the objective economic law. In providing loans, it is necessary to carefully consider whether the capital construction projects are essential and how to give play to the results of investment. [Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 22 Feb 80 HK]

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## DOMESTIC TRADE

### SHANGHAI MARKET BOOMS WITH RECORD SALE

Shanghai JIEFANG RIBAO in Chinese 9 Jan 80 p 1

[Report by Shan Yijiu [1472 4135 0036]: "Shanghai Commodity Bureau Breaks With Convention in Readjusting Market"]

[Text] Last year, a booming market appeared in Shanghai. This did not come about until after cadres of the Shanghai Municipal Commodity Bureau played an active role in implementing the policy of readjusting, reforming, consolidating and improving the national economy; emancipated their minds; broke with convention; and concentrated their efforts on readjusting the market.

This success was attributed to the implementation of the following five measures:

1. Efforts were made to introduce products on domestic and foreign markets which were previously not regarded as marketable commodities. Last year, the means of production service companies under this bureau held four large-scale trade fairs with sales totalling over 205 million yuan, exceeding the 1978 figure by 160 percent. At the same time, Shanghai has earned \$4.8 million in foreign exchange reserves from exporting surplus chemical raw materials.
2. The decontrol of the prices of the means of production and the organization of the commodity sales on market on a negotiable basis had served to meet the enterprises' urgent needs for developing production. For example, a shortage of fat chemicals had forced some hard fat acid producers in Shanghai to operate at less than full capacity. Such shortages were alleviated after the chemical and light industry company purchased 1,000 tons of fat chemicals and sold them to the enterprises concerned at negotiable prices so they could produce 850 tons of hard fat acid to relieve Shanghai's shortage, at a net profit of over 400,000 yuan.
3. Measures were taken to supply various units with materials in a more flexible and reasonable manner, thus breaking with the previous practice that all applications or requests should be submitted far ahead of schedule and should go through channels. In response to a call for conservation of

resources and for "planning every project in a big way and for flexibility," various supply companies under the Shanghai Municipal Commodity Bureau took a series of steps to satisfy the needs of various enterprises. For example, they had supplied adequate steel to the textile and chemical industry bureaus to meet their needs for technical innovations and maintenance. They lifted the restrictions on the distribution of materials to the nonferrous enterprises and supplied them on the basis of their actual needs. Special personnel were assigned and special counters set up to supply metals, chemicals and power generating units to the scientific research units without restrictions. Formerly, requests for such supplies had to be submitted far ahead of schedule.

4. The restriction on the distribution of the means of production to the private citizens were lifted. For example, the bureau opened its steel and power generating units retail sale and rental service centers to the general public. It has made over 68 tons of pipe available to 6,000 households for installing water meters in Shanghai.

5. The Shanghai Municipal Commodity Bureau combined production with marketing and helped enterprises market their surplus products, thus breaking with an old practice that emphasizes only procurement and neglects marketing. Last year, the stock of dyestuffs piled up in warehouses because the state's demands for such products dropped. The dyestuffs and varnish and industrial departments quickly organized personnel to visit over 160 second level commercial stores and over 240 dyestuffs and varnish sellers in 21 provinces and municipalities. They returned with purchase orders for over 6,000 tons of dyestuffs worth 26 million yuan, thus boosting Shanghai's production, and sales of these products rose to a new level that year.

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## DOMESTIC TRADE

### DECISION MAKING POWER OF 100 GUANGDONG ENTERPRISES EXPANDED

Guangzhou NANFANG RIBAO in Chinese 5 Jan 80 p 1

[Article by Ye Gong [5509 1712] and Chu Xin [5969 0207]: "A Hundred Enterprises Realize over 700 Million Yuan in Profits"]

[Text] Relatively marked economic results have been obtained in the 100 local state industrial and communications enterprises which have been our province's test sites for expanding enterprise decision making power since September 1979. Output and returns have increased and the interests of the state, the enterprises and the staff and workers have all been served.

From January to November 1979 the industrial output value of our province's local state industrial enterprises increased by 5.7 percent over that of the same period the previous year, while that of the 100 test site enterprises increased by 9.3 percent. The industrial output value for the three months after the pilot project was launched increased by an average of 21.8 percent per month over August, the month before the project began. From January to November, because of increases in the prices of raw materials and fuels and in other cost expenditures, the total profit of Guangdong's local state industrial enterprises fell by 8.23 percent compared to the same period of the previous year, but that of the 100 test site enterprises neared the level of that period. In the three months since the experiment began, profits have increased by 19.3 percent over the monthly average of the eight months before. It is estimated that the 100 test site enterprises may realize 73 million yuan in profits for 1979, 10 million yuan over prior estimates.

Expanding the decision making powers of the enterprise effectively arouses the enthusiasm of the enterprises and the staff and workers to strengthen the management of enterprise operations. This is principally manifested in the following several regards.

First, it spurs the cadres and workers of an enterprise to care about the results of production. Once the staff and workers of the Jiangmen Boat Factory knew that the workers would receive 0.26 yuan of each 1.00 yuan profit, they made careful calculations and did strict budgeting in all their production activities. After it became a test site, the factory's profits

increased greatly. By 17 November it had already realized 974,000 yuan in profits. Profits for the entire year have greatly exceeded the plan and have jumped well over those of the past year.

Secondly, they open up new avenues to develop production and strive to increase their incomes. The Jiangmen Jam Factory's production was affected before it became a test site because its monosodium glutamate was a glut on the market. A large amount of unused funds also accumulated. After it became a test site its supply and marketing personnel actively promoted sales both within the province and outside it. As a result they expanded the market. The monthly production now is 30 percent above that before the experiment began and profits in September and October averaged more than twice those obtained in August.

Thirdly, it stimulates the more intense development of the movement to increase production and practice economy. The Foshan District Automotive Transport Corporation suffered a loss in its transport of goods in August. After test site work began, the staff and workers actively organized the sources of the goods and rationally readjusted the transportation of passengers and goods, forcefully opening up new passenger lines. In September goods transport changed from loss to profit and by the end of November 8.2 million yuan had been earned.

In addition, it strengthens enterprise management work. Test site enterprises universally use economic methods in management. In calculating and distributing bonuses they carry out the principle of more income for more labor. This requires an increase in the level of enterprise management and promotes the establishment and strengthening of various norms, original records and team and group economic accounting and further putting into operation a system of personal responsibility.

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## DOMESTIC TRADE

### BRIEFS

**HUBEI PRICE NOTICE**--Hubei People's Government recently issued a notice calling for another massive commodity price inspection during the spring festival according to the regulations issued last year by the State Council and the provincial revolutionary committee. Before the spring festival, it is necessary to inspect the market prices and strictly curb unreasonable adjustments so as to insure stability of market prices. After the spring festival, it is necessary to inspect prices of agricultural products and of main raw materials. Prices cannot be raised or lowered without the approval of the provincial prices department. While purchasing grain and oil at negotiated prices, it is necessary to insure ample supply according to the planned targets. The industry and commerce management departments can inspect this. It is necessary to strike at speculators. Government at all levels must immediately solve all problems deriving from the inspection and be serious in dealing with market prices. [HK020821 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 13 Feb 80 HK]

**SHANGHAI COTTON CLOTH PRICE**--There is rumor in Shanghai that the price of cotton cloth will be increased. A JIEFANG RIBAO reporter has learned from a responsible person of the Shanghai Municipal Commodity Price Bureau that the rumor is completely unfounded. He said the central authorities had said that the price of cotton cloth would not be readjusted. He called on the masses to have faith in the state's decision, not to believe rumors and not to rush to buy cotton cloth. [OW020918 Shanghai City Service in Mandarin 2300 GMT 29 Feb 80 OW]

**QINGHAI IMPORTS FOODSTUFFS**--Between August 1979 and January 1980, the food department in Qinghai Province imported about 25 million jin of foodstuffs, such as rice, corn and soybeans, from Anhui, Shandong, Zhejiang, Hubei, Henan and Shaanxi provinces. During the same period, Qinghai Province imported 1.5 million jin of peanuts and sesame from those provinces. The imported foodstuffs have helped stabilize food and edible oil prices in Qinghai Province. [OW091058 Xining Qinghai Provincial Service in Mandarin 1100 GMT 6 Feb 80 OW]

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## FOREIGN TRADE

### 'JINGLI GUANLI' DISCUSSES FOREIGN TRADE REFORMATION

HK261430 Beijing JINGJI GUANLI in Chinese No 12, 25 Dec 79 pp 10-11 HK

[Article by Zhang Chongwen [1728 1504 2429] of Departmental Economic Research Institute, Shanghai Academy of Social Sciences: "The System of Foreign Trade Must Be Reformed"]

[Text] To speed up the realization of the four socialist modernizations, there must be a vast development in our foreign trade. The last 2 years saw growth in our foreign trade, but it was not rapid enough. Up to now, our foreign trade has only accounted for 0.6 percent of the total world export trade. This obviously is not suited to the realization of the four modernizations. To bring about a vast development in foreign trade, the production forces must be substantially increased. This will inevitably lead to demands that changes in various aspects be made to the production relationship and the superstructure which are not suited to the development of production forces and the inappropriate ways of management and operations. This, in fact, is the stage our foreign trade is in today. Therefore, the thought of the foreign trade front must be liberated, the rules and regulations broken and the system reformed.

Here are some suggestions in connection with the four following aspects:

#### I. The System of Foreign Trade--"Monopolized" or "Open"

Since liberation, the system of foreign trade has basically been the one we learned from the Soviet Union in the 1950's. It has emphasized monopoly, control and high concentration. Consequently, all import and export trades are centralized and dealt with by the state-run foreign trade companies in a number of ports. Lacking authority to decide for themselves in operational and financial matters, these foreign trade companies have for many years grown accustomed to acting in accordance with administrative orders and requesting instructions from high levels, causing red tape in the enterprise sections that operate trade. In managing and supervising business, little do they care about loss, wastage and the turnover and application of funds. Nor do they pay any attention to economic accounting and effectiveness. The kind of relationship local and central authorities have with enterprises is one of joint leadership. While operation is controlled by the Beijing head office, administration is controlled by the local provincial or municipal

bureau of foreign trade. Since the head office is far away in Beijing, how can it completely understand the situation in other places in the country? Consequently, what should have been interfered with has been left alone and what should have been left alone has been interfered with. The fact is that the head office is incapable of supervising the branch office. In the circumstances, how can the initiative of the local offices be brought into full play?

In reforming the system of foreign trade, we should give play to two initiatives. What should be done is to bring into play the initiative of places and departments in the country instead of leaving foreign trade entirely to the ports and having it operated solely by foreign trade companies. As things now stand, we have to develop business in many ways to expand exports such as accepting, besides assembly business, materials from outside our country as well as orders for processing or supplying manufactured goods. Other projects like developing resources, importing technology and equipment, exclusive rights to run business, joint venture in industrial and mineral enterprises and compensation trade are of too large a scale to be taken care of by only a few professional companies of the foreign trade bureau. Therefore, while industrial and mineral enterprises can export their own products that have foreign markets to sell in and would be at an advantage to export besides being eligible to export, the industrial and mineral industry sectors should be responsible for importing technology and equipment, joint ventures, compensation trade, exclusive right to run business and developing resources which it would be more reasonable for industrial and mineral enterprise sectors to be engaged in. Those main products and products of large quantities can be exported by industrial, mineral and factory enterprises alone. To avoid internal competition among similar products, they can be exported by departments and affiliated organizations by joint ventures or in other ways. For most of those industrial and mineral enterprises which do not comply with the requirements for export, or those which are not suitable for export by themselves, they can still entrust foreign trade departments to do the exporting. Foreign trade departments can invest in some of the industrial and mineral factories, import technology and equipment, strengthen the cooperation and encourage joint ventures between industry and trade, and expand export.

Provinces, municipalities and districts should actively expand the production of export materials. Those products with bigger demand in markets outside our country can be exported by the districts themselves step by step and systematically provided that the districts are qualified to export products. Of course, they can entrust the ports with the exporting. Then the districts, industrial, mineral and agricultural enterprises will be able to tap the potentials of production, creating conditions for exporting and thus opening up more sources of goods. This, in turn, will bring about a further expansion of the production forces. Therefore, for foreign trade to change from being monopolized to open, it is not purely a matter of the scope of specialization of management, but rather a matter of how to make good use of objective economic laws, accelerate production and expand exports to serve socialism.

[HK 61432] As to the relationship between the central and the local authorities, this is a matter of bringing into full play the initiatives of the local authorities and enterprises under the guidance of unified planning. The local authorities should be given a free hand in dealing with more matters and the enterprises be given the appropriate power to decide for themselves. At the same time, planning should be unified and balanced, the balance of essential goods stressed and the control over sale prices and the way foreign trade is done strengthened to implement the relevant rules and regulations.

## II. Deducting a Percentage From Foreign Exchange

So far this problem has not been solved. The present situation is that all the foreign exchange earnings from exports are turned in to the state and the local authorities, and enterprises have no right to interfere. Local supply units of sources of export goods produce goods for export and attain the targets of export goods simply because the high levels have their assignment planned for them. If units producing goods for export can draw some of the foreign exchange from the sources of goods for export and use it specifically to improve technology and equipment as well as the quality and quantity of goods, it will not only further develop the initiative of enterprises to produce goods for export and enlarge the sources of goods for export, but will also encourage more production for more foreign exchange. In consequence, the state will be able to collect more foreign exchange while enterprises may get funds from foreign exchange to expand reproduction, which is useful for developing production. In essence, deducting a percentage from foreign exchange is a matter of allocation of production of circulation. Reasonable and proper allocation will further develop the production forces and enlarge the sources of goods for export.

## III. Give Enterprises Free Rein To Act on Their Own

To give enterprises free rein to act on their own is a concrete application of democratic centralism in the system of economic management. All these years, foreign trade has been highly centralized in the central authorities, leaving no power of self-determination to the local authorities. All matters, regardless of how trivial, have had to be submitted for approval. As official documents are handed down from level to level, actions begin to get slower and slower, resulting in bureaucracy and red tape in enterprises. Since international markets tend to change very swiftly, many golden opportunities might have slipped past by the time the final approval is obtained. For instance, this year we arranged outside our country for the import of luan wood and to export to Japan shui-qu willow produced in the northeast. At that time, the price of shui-qu willow was two or three times higher than that of luan wood. But because the local authorities did not have the power to make a decision and had to ask the central authorities for instructions, the matter was delayed for several months as a result of official documents having to travel to and fro. Consequently, the price of shui-qu willow dropped while that of luan wood increased by 50 percent. Despite the fact that deals were made, losses were incurred because we missed the opportunity. Therefore, enterprises engaged in foreign trade should be given the power to act on their own under the guidance of the state's unified planning, so that they can integrate their own situation with changes in international



markets, make prompt decisions in handling foreign trade operations and other matters that fall under their terms of reference without interference from higher levels. In this way, enterprises will have economic power as well as economic responsibilities. Only then will the initiative of enterprises be brought into full play and the foreign export trade expanded.

In the following, we will discuss financial and personnel power.

**Financial power:** Foreign trade companies must have certain financial power, including the power to utilize both yuan and some of the revolving foreign exchange. To adopt a number of ways to do business in an effort to increase exports, the companies should be able to use a fixed quota of foreign exchange to launch such forms of business as imports in order to export, importing materials for processing and cooperative production to make foreign exchange. All these fall within the scope of their business and should have the self-determination power to utilize funds, take up the responsibility themselves and go right ahead to operate. To coordinate with factories and make cooperation between industry and trade possible, companies engaged in foreign trade should put funds in yuan into factories or spend foreign exchange in importing technology and equipment or part of the raw materials to assist factories in improving their equipment, techniques and the quality of their goods so as to make them suitable for sales in foreign markets. The foreign exchange funds should be put into those businesses that need comparatively smaller investments, that are instantly effective and make most foreign exchange. At the same time, they should be integrated with the reformation of factories. To help industry and agriculture expand production, it is necessary for the ports to link up with other places, expand industry and trade, encourage cooperation between agriculture and commerce, and assist in the production of local industrial and agricultural products as well as sideline specialities by putting in funds in yuan, importing equipment, raw materials, seeds and chemical fertilizers. Only thus can the export base be set up and the agricultural and sideline economy be more substantially developed.

[HK261434] **Personnel power:** This matter is more complicated, involving a lot more things. But for the present at least the following three points should be made:

1. Companies should strictly check the performance of their cadres and employ and promote them in accordance with the principle that those to be employed or promoted must have both ability and political integrity. These exercises do not necessarily have to be taken by their immediate superiors anymore. As to those who fail to do their job, they may be dismissed at any time after assessment is made against them by the masses.

2. To raise efficiency and implement the principle of distribution according to work, any companies that fulfill or overfulfill plans, excel in management and administration and make more profit which they hand over to higher levels (foreign trade reduces losses) should be allowed to draw more enterprise funds, more bonuses for issue to their staff and more money for collective welfare.



3. At present, the general foreign trade situation is that the organizations are overstaffed with a huge number of personnel and have also turned official rather than commercial. The causes are multiple and were not brought about in a single day. Nor is this the sole responsibility of the companies. What should be achieved now is for the companies to have the power to decide by themselves on matters relating to organization, system and personnel and appropriate for the development of business according to the situation of their business. They should no longer be restricted and left powerless.

#### IV. Three kinds of Planning and Two Targets

The three kinds of planning are central, local and self-run. Central refers to the planning of material control by the ministry and allocations and transfers by the provinces. Local refers to the planning of purchasing local goods for export. All the foreign exchange obtained from export will be transmitted to the central authorities. This, in fact, is a plan that has been carried out for a long time. The third kind of planning in addition to central and local is a self-run type that brings into full play the initiative to run the business by the companies themselves. It includes three categories of goods, new and small goods, piecemeal handicrafts, trading imports for exports, importing materials for processing and cooperative production. All these can be arranged by foreign trade linking up directly with factories and communes without having to go through links. In this way, the production and scales units get into contact directly with one another, simplifying the process which results in quick effectiveness and turnover.

The two targets are foreign exchange and profit targets. Foreign exchange targets refer to the targets of the quantity of material objects which are used to check whether enterprises accomplish their mission, while profit targets refer to the concrete incarnation of enterprises intensifying business accounting and improving management and administration. In the past, there were too many stipulated targets. These two targets are important ones employed to check on enterprises engaged in foreign trade. With these two targets, we can grasp the key links and check whether the operation of an enterprise is good or not, thus achieving the objective of efficiency and simplicity.

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## FOREIGN TRADE

### 'TA KUNG PAO' REPORTS ON COUNTRY'S INTERNATIONAL AIRLINES

HK230345 Hong Kong TA KUNG PAO in Chinese 22 Feb 80 p 1 HK

[Special dispatch from this paper's contributing reported in Beijing on 21 February]

[Text] CAAC Director General Shen Tu recently said that China had imported several Boeing 747's beginning this year. The CAAC will gradually begin using Boeing 747's in its international airlines. It will also gradually replace its planes in the domestic airlines with new ones.

He said that the CAAC now only has flights to Asia, Europe and Africa. Before 1985, we shall open international routes to Australia and North and South America. Meanwhile, we shall conduct a charter flight business for international tours.

This chief of the Chinese Civil Aviation Transport Circles made the above-mentioned announcement when he was interviewed by this paper's reporter. He pointed out that the CAAC has now entered the new stage of international aviation activities. He said: "The CAAC has signed aviation agreements with nearly 40 countries and established business connections with the aviation companies of some 170 countries and places. Last year, CAAC opened three international routes, namely, Beijing-Guangzhou-Manila, Beijing-Shanghai-Nagasaki and Beijing-Teheran-Bucharest-Frankfurt. Together with the flights opened in the past, the CAAC has 12 international flights altogether. The number of countries our country has flights to has increased to 14. The total route length of the CAAC international airlines is some 75,000 km."

"In the wake of developing the international aviation business, the CAAC has wholly undertaken the tasks of basically all special and charter flights from China for abroad. Today, 11 countries have international flights to our country. The Beijing Capital Airport now has 66 international flights every week. It is convenient and quick to go to all places in the world by taking international airliners or civil aviation aircraft of the countries which have through transport connections with our country."

While dealing with the thriving Chinese civil aviation cause today, this director general pointed out: "Except for Taiwan Province, all provinces throughout the country now have direct or indirect flights to Beijing, with

people being able to arrive in Beijing from all provinces the same day. New routes have been constantly opened to comparatively remote mountainous areas and coastal areas. At present, there are some 160 domestic air routes with some 500 flights every week. By the end of 1979, the total route length of the CAAC domestic airlines was some 192,000 km. Priority has been given to the establishment of an airline network in the border areas which do not have transport facilities. To further strengthen the connection between Xinjiang and Xizang autonomous regions with the provinces of China proper and to improve the transport situation of the southwest and northwest regions, over the past few years, the CAAC has opened services between Chengdu-Lhasa, Lanzhou-Lhasa, Xian-Lhasa, Beijing-Lanzhou, Beijing-Urumqi, Shanghai-Lanzhou-Urumqi and Urumqi-Qiemo. There are now three direct flights from Urumqi to the capital, Beijing, every week. It takes only 4 hours to get there by jetliner."

While talking about the CAAC contributing toward the development of tourism, Director General Shen pointed out that over the past few years the CAAC had constantly opened new air routes and increased flights to the cities open to tourists. Only last year, the CAAC increased by 14 the number of domestic routes such as Tianjin-Nanjing-Guangzhou, Tianjin-Shanghai, Chengdu-Xian-Taiyuan-Tianjin, Guangzhou-Xingning, Wuhan-Changsha-Guilin, Beijing-Chengde, Beijing-Beidaihe, Fuzhou-Guangzhou and so on.

[HK230348] The flights to some scenic cities open to tourists have been increased or readjusted. For instance, as more and more foreign visitors and overseas Chinese have gone to Guilin in Guangxi Zhuang Autonomous Region, the number of flights from Guangzhou to Guilin has increased from 15 to 22 every week in order to serve the tourists well. The number of flights from all other places to Guilin has also increased. There are flights to Guilin from Beijing, Shanghai, Hangzhou, Guiyang, Tianjin, Chongqing, Chengdu and Changsha every week. The number of flights from all places to Shanghai has also increased, with those from Beijing going from 15 to 24.

He also said the CAAC should endeavor to provide facilities for Hong Kong and Macao compatriots. He said that the CAAC opened Guangzhou-Hong Kong charter flights in 1978 and last year also opened charter flights for tourists from Hong Kong to Hangzhou, Hong Kong to Shanghai, Hong Kong to Beijing, Hong Kong to Kunming and Nanjing to Hong Kong. He also disclosed that at an appropriate time in the future the CAAC would increase several charter flights from Hong Kong to the mainland. By that time, it will be more convenient for Hong Kong and Macao compatriots to visit their relatives and see sights in the mainland.

In coordination with the development of tourism, flights will soon be gradually opened to tourist sites and to overseas Chinese native places such as Qingdao, Lushan, Huangshan, Datong, Dunhuang, Shilin, Meixian, Luoyang, Quanzhou and so on, where air routes should be but have not yet been opened. Beijing-Qingdao and Shanghai-Qingdao flights will open this year. The airports in some key cities for tourists and industrial centers must be reconstructed or expanded in a planned way. Guilin, Changsha, Fuzhou, Dalian, Chengdu and

Wuhan must expand their airports and open up routes for large airliners. At present, the main cities for tourists throughout the country have basically all opened air routes. We shall properly increase the number of flights to Guilin, Nanjing, Shanghai, Beijing, Guangzhou, Hangzhou, Xian, Kunming and so on.

In conclusion, Director General Shen Tu said that talks on a Sino-U.S. aviation agreement will soon be conducted and that once the conditions are fulfilled, a Sino-U.S. air route will be opened.

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## PRC HOLDS FIRST FUR EXHIBITION IN HONG KONG

Hong Kong SOUTH CHINA MORNING POST in English 22 Jan 80 p 9

[Report by Lynne Watson]

[Text]

Buyers from all over the world who flocked to a Chinese fur exhibition held here for the first time yesterday saw, among the other more usual offerings, a selection of dog and cat skins.

Chinese minks are still only limited to a few colours, according to a local furrier, Mr Michael Sun.

But they sell good dog, rabbit and weasel skins, he said.

A German woman buyer said she was there to choose skins for transformation into next winter's coats.

"I plan to buy the Chinese furs that will sell in the German market," said Mrs Inge

Krausslich of the Gustav Company, which is a family firm near Nuremberg.

But she will probably buy rabbit rather than mink because the company still prefers to get its mink from the United States.

For the first time the Chinese Fur and Fur Products Fair is being held here instead of China.

Hundreds of buyers from Europe, Japan, the United States and other countries are here to choose the skins from which the coats of tomorrow will be created.

Last night representatives of the China National Native Produce and Animal Byproducts Import and Export Corporation entertained about 300 buyers — including some from Hongkong — at a reception at the Hotel Miramar Convention Hall.

The Fur and Fur Products Fair, which is for people in the trade, opens today and will run to the end of the month.

The quality of China's fur products has really improved in recent years, said Mr Sun who is the managing director of the Hongkong Fur Factory Ltd.

"I buy different kinds of fox skins, as well as mink and sable from Europe and the United States," said Mr Sun.

He said he can buy skins from China that are already joined, ready for sewing in Hongkong factories.

"I expect to place a big order here," continued Mr Sun, who usually makes buying trips to Peking two or three times a year.

There are no snow leopard skins, or those from other endangered species, in this fair, said Mr Sun, "because China joined the international association."

This is a reference to China's agreement to follow the Convention on International Trade in Endangered Species of Fauna and Flora.

Chinese environmental officials agreed not to export products of its endangered species in September.

The lynx, snow leopard and Siberian tiger are all rare animals in China.

An official with the delegation from the National Native Produce and Animal Byproducts Import and Export Corporation, Mr Huang Ziyuan, said that all furs exhibited are in accordance with Government regulations.

Aside from the main corporation sponsoring the fair, there are 12 branches from the provinces and cities offering their wares at the exhibition.

The Hongkong agent for the corporation, Teck Soon Hong Ltd, said:

"The whole range of fur products for export from the Chinese provinces and cities is up for negotiating deals at the fair, including mink, kolinsky, lamb, kid, weasel, rabbit, cat and dog skins, as well as fur coats, hats, stoles and sheepskin products."



## FOREIGN TRADE

### CUSTOMS REGULATIONS ON MAILED GOODS EXPLAINED

Shanghai WEN HUI BAO in Chinese 27 Dec 79 p 2

[Article: "Inquiries on Import/Export of Goods by Mail"]

[Text] After publishing the new customs regulations on import/export of goods by mail, this newspaper has received inquiries from many readers. In response to these inquiries, the Shanghai Customs Service provides the following answers:

1. What can be contained in the outgoing and incoming mail parcels?

A: Daily necessities (including clothes and foodstuffs) and medicine for personal use with their quantities not exceeding the authorized levels. For example, the value of goods that are mailed by a person either from here or from abroad at any time should not exceed 100 yuan in Renminbi (value of goods coming from or going to Hong Kong and Macao should not exceed 30 yuan). By "personal use" here, is meant property for use by its receivers or their relatives and friends. No sale of it is permitted except to the foreign goods procurement service center. Any illegal selling or buying of the imported goods will be handled by the customs service or by the industrial and commercial administration department to the laws. By "quantities not exceeding the authorized levels," is meant that the quantities of mailed goods within the permitted value should be reasonable. For example, a few handkerchiefs, a few bottles of medical oil are normal and can be permitted.

2. What categories of goods are affected by the new regulations and what are their maximum allowances?

A: The mailing allowance of a mini-electronic calculator from abroad is one piece per year; the allowance of recording tapes is three reels from Hong Kong and Macao and five from foreign countries. (The reason is that these things are not nondurable goods but relatively durable ones and, therefore, any quantitative import is unreasonable.) The allowance of cotton textiles and synthetic fiber is 10 meters from foreign countries and half that amount from Hong Kong and Macao; the allowance of mushrooms, kelp and laver and edible fungus going to the foreign countries is 500 grams each, and going to Hong Kong and Macao half that amount. The import and export of used postage

stamps approved by the customs service are restricted to 100 pieces from foreign countries and 50 pieces from Hong Kong and Macao. Attention must be paid to the fact that some people have collected rare and valuable and reactionary postage stamps and sold them at high prices or in exchange for imported goods instead of taking stamp collecting as a hobby or recreation. All these transactions are illegal.

3. Could the people still be permitted to import those radio recorders which have been approved by the customs service but not yet arrived?

A: Their import was originally prohibited. Some radio recorders mailed from the foreign countries this year were once allowed to pass. Those from Hong Kong and Macao were also permitted to enter the country as soon as they received approval from the customs service. But their import is no longer permitted since the proclamation of the new customs regulations in October which were published by this paper in November. But the customs service wants to take a realistic and flexible attitude toward those radio recorders whose import had been approved and which are scheduled to arrive here before the end of December. These radio recorders will be allowed to pass as soon as their customs duties are paid.

4. Are there any regulations on import and export of medicine?

A: The import of medicine from foreign countries is restricted to 40 yuan in value, and from Hong Kong and Macao to 20 yuan; its export to foreign countries is limited to 20 yuan and to Hong Kong and Macao to 10 yuan. No hospital's certificates are needed for all imported medicine whose value does not exceed the customs permit. If anyone needs import of certain efficacious medicine with its value beyond that permit, he is advised to submit a hospital's certificate along with his application to the customs service for approval. The maximum weight of herb medicine mailed to foreign countries is 1 kilogram per month per household, and to Hong Kong and Macao, half that weight. The maximum weight of any single variety of medical herb mailed to foreign countries is 250 grams and to Hong Kong and Macao, 150 grams. Export of contraceptives and the following medical herbs is banned: musk, toad venoms, prunella, bezoar, cinnabar and others.

5. Why were hams and raw pork mailed to foreign countries returned?

A: Import of foods, especially uncooked meat to some countries is banned by their regulations. Such parcels could be confiscated or returned. Before mailing, a sender is advised to obtain information on foreign customs regulations through his relatives or friends in order to avoid their mail being returned or confiscated.

Our customs service has similar regulations banning import of not well-preserved and disease-carrying foods from endemic areas. African swine disease has spread to some countries and is now threatening the hog-raising business everywhere. We would return raw pork originating from any foreign country affected by African swine disease and from Hong Kong and Macao which have imported pork from countries affected by that swine disease.

6. Does our customs service collect customs duties?

A: Customs duties are levied on most of the imports approved by the customs service. No tax on imports will be collected if it is less than 1 yuan in Renmibi. Taxes over that amount will be collected. According to our regulations, all printed materials, educational films, color slides, records on language lessons, contraceptive devices and medicine, gold and silver and their products are tax free. All mail parcels will be opened and repacked after inspection by the customs service. This is why the customs service wants to charge mail parcel receivers customs inspection fees.

The customs service hopes that all mail parcel senders and receivers will keep their relatives at home and abroad informed of its new regulations so that they will be consciously observed.

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## LARGE PRC INVESTMENT IN HONG KONG CEMENT PLANT

Hong Kong SOUTH CHINA MORNING POST in English 17 Jan 80 p 7

[Report by Humphrey Hawksley]

[Text]

The biggest-ever overseas investment in Hongkong was launched yesterday with the signing of treaty documents for a cement plant at Sui Lang Shui, near Tuen Mun.

The \$1.3 billion plant, due to open in 1982, will be owned by a new firm, China Cement Company, and involves a substantial amount of capital from China.

The chairman of China Cement is Mr Li Ka-shing, head of Cheung Kong Holdings, which has a 30 per cent share holding in the firm Green Island Cement.

Forty per cent of the investment for the plant comes from an American firm Kaiser Cement of California, and the new company is a joint venture between Kaiser and Cheung Kong.

The enterprise is also the biggest single overseas investment by China since the People's Republic was founded in 1949.

The plant will be built on a 15 hectare site next to the Kowloon Electricity Supply Company's power station which is now being built.

China Cement says the plant will initially have an annual output of 1.4 million metric tons, which is likely to be expanded.

Eventually the firm hopes it will make Hongkong almost self sufficient in cement.

"Sixty per cent of cement is exported here, now," said China Cement managing director Mr Michael Horner.

"Our annual need is 2.4 million tonnes. The plant will have a big impact on imports."

The plant will operate at first with one kiln, but Mr Horner said it had the capacity to take another, which could double production.

Permission to build the plant came after detailed investigations into any pollution that might be emitted.

Mr Horner claimed that the plant would be completely pollution free.

On top of this it will be using waste fuel ash from the next-door power station as one of its basic raw materials.

This not only cuts out the power stations problem of getting rid of the fuel ash, but also cuts big costs of producing the cement.

Countering this are the higher energy and fuel costs.

But Mr Horner said it will make a substantial difference to the cost of the cement.

Mr Li has said the cement is expected to sell at the lowest prices in Southeast Asia.

The plant will initially be owned 60 per cent by Cheung Kong and 40 per cent by Kaiser Cement.

But Mr Li has said that eventually Cheung Kong will offer half its holdings to the Green Island Cement consortium.

Massive local building projects have increased the demand for cement by about 14 per cent a year since 1973.

And by 1983 the new plant could be providing the Colony with a third of its annual needs.

Mr Li expects the investment to be returned within about seven years of the operation beginning.

China's part in the project is in the newly formed Kiu Yip Investment Corporation which will have 20 per cent equity participation in China Cement.

The plant will have a staff of about 300, some who will be experts brought over from Kaiser's main operations in the United States.

## FOREIGN TRADE

### BRIEFS

SHANGHAI'S JANUARY EXPORTS--Shanghai, 12 Feb--Shanghai, China's biggest port city, registered in January a record increase in exports of 70.9 percent over the same period last year. Shanghai has trade dealings with some 20,000 firms in more than 150 countries and regions throughout the world, and some of its products are sold abroad through permanent agencies or representatives in some 70 countries and regions. There are 1,800 export-oriented industrial enterprises in the city. A number of enterprises in the suburbs produce farm products for export. [Text] [Beijing XINHUA in English 0818 GMT 12 Feb 80 OW]

GUANGZHOU TRADE CENTER EXHIBITION--Guangzhou, January 29 (XINHUA)--The first exhibition in 1980 at the Foreign Trade Centre here--an electronic and photographic show and seminar--opened to visitors yesterday. The exhibition, scheduled to close February 10, was organized by Sunlight Promotion Ltd of Hong Kong with the cooperation of the newspaper, WEN WEI PO. The exhibits include electronic equipment, household electrical appliances and photographic equipment manufactured in Japan, the United States, Britain, West Germany and Hong Kong. Forty foreign and Hong Kong firms are represented at the exhibition. The Guangzhou Foreign Scientific and Technical Exchange Centre is organizing technical exchange talks for Chinese personnel with representatives of the firms. The Guangzhou trade centre has set aside floor space of 2,000 square metres for shows by foreign and Hong Kong firms. [Text] [OW291326 Beijing XINHUA in English 1207 GMT 29 Jan 80 OW] An exhibition of foreign electronic products and photographic equipment opened on 28 January at the Guangzhou Foreign Trade Center. Some 20 companies from Japan, the United States, The United Kingdom, West Germany, Austria, Hong Kong and Macao participated in the exhibition. There were more than 60 exhibits classified under two categories: electronic products and photographic equipment. Vice Governor Huang Jingbo opened the exhibition and Municipal Vice Chairman Xiao Ming and others attended the ceremony. [Guangzhou City Service in Cantonese 0430 GMT 28 Jan 80 HK]

TIANJIN TOURISM--In an effort to satisfy the need for the development of tourism, the Tianjin Municipal CCP and Revolutionary Committees recently had the administration of the Tianjin guest house, the Yingbin guest house and the Youyi Club transferred to the Municipal Tourist Bureau. The Municipal Tourist Bureau held a rally to mark the takeover. Wang Enhui,



Standing Committee member of the municipal CCP committee and vice chairman of the municipal revolutionary committee, and (Li Ji), secretary general of the municipal CCP committee, spoke at the rally, urging the staff and workers of the bureau to earn more foreign currency for the state. [Tianjin City Service in Mandarin 2330 GMT 2 Feb 80 SK]

JIANGXI FOREIGN TRADE--Following the fulfillment of its 1979 export procurement and export plan ahead of schedule, the Jiangxi foreign trade front scored new achievements this January. The province's January export procurement volume increased by 50.6 percent as compared with the same period last year. The procurement volume of export commodities including staple foods, local and livestock products, fabrics, light industrial products, handicrafts, the five metals, minerals, industrial chemicals, machines and equipment increased by a relatively big margin. The foreign exchange income from direct export this January increased by 19.8 percent as compared with the same period last year. The January export procurement of electronic components, low voltage-batteries, diesel generating sets, canned foods, firecrackers, fireworks, rosin, Nanan's pressed salted duck and honeybees increased by 100 percent as compared with the same period last year. [Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 15 Feb 80 HK]

ZHEJIANG EXPORT ITEMS--In the last month and more Zhejiang's commune members have sold 86,000 small yellow fleeces and 142,000 jin of rabbit fur to the state. This represents an increase of 20 percent and 60 percent respectively as compared with the same period of last year, which was itself a record year for the province in the output of these two products. These two items are among the principal export products of Zhejiang. They rank first and second respectively in the nation in export volumes. [OW051101 Hangzhou Zhejiang Provincial Service in Mandarin 1100 GMT 3 Mar 80 OW]

GUANGDONG ELECTRONICS INDUSTRY--By actively importing advanced technology from abroad and accepting the processing of products with materials supplied by foreign customers, the people in Guangdong in 1979 speeded up the province's production and construction of the electronics industry. By the end of January 1980, the industry had signed contracts and agreements with foreign merchants covering 105 categories, 75 percent of which have already been implemented. It is now mass producing large quantities of electronics products of international level quality. The 41 electronics factories in Guangzhou, Foshan, Shaoguan, Shenzhen, Shantou, Zhanjiang and Huizhou municipalities have signed contracts and agreements with 66 factories from Japan, Hong Kong and Macao to import large quantities of technology and to accept products to be processed with materials supplied by customers. At present, the province has imported a total of HK\$17 million worth of electronics equipment and processed 20,000 television sets and much other equipment for foreign merchants. By the end of January 1980, the industry had received HK\$10 million from foreign merchants for processing products. If all the current contracts are completed, the income will reach HK\$20 million. [HK280146 Guangzhou Guangdong Provincial Service in Mandarin 2330 GMT 18 Feb 80 HK]

HUNAN COMMODITIES EXPORT--In January 1980, the purchase of export commodities in Hunan increased by 63.6 percent over the corresponding period of 1979, while foreign exchange earned from export increased by 3.4 percent. At the beginning of every year, the international markets require large quantities of batteries, leather belts, firecrackers and fireworks. In January 1980, 50,000 dozens of batteries and 1,300 dozen leather belts were exported. Export of firecrackers and fireworks also doubled that of the corresponding period of 1979. [HK010459 Changsha Hunan Provincial Service in Mandarin 2315 GMT 22 Feb 80 HK]

TV PRODUCTION WITH JAPAN--China recently signed a contract with Japan's Hitachi Company for importing a color TV production line capable of producing 200,000 receivers annually. This TV production line will be installed in the Shanghai No 1 TV Plant and is expected to be put into operation in 1981. Preparations are now being intensified for installing this TV production line in accordance with the contract provisions. The decision to import this TV production line came from the central departments concerned. It will produce 14-inch and 22-inch color TV receivers with video tubes to be provided by the Shaanxi Color TV Video Tube Plant now still under construction. [Text] [Shanghai JIEFANG RIBAO in Chinese 29 Dec 79 p 1] 9574

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## TRANSPORTATION

### BRIEFS

SEA PASSENGER ROUTE--Osaka 22 Feb--Kansai Kisen Kaisha of Osaka plans to assign a passenger liner to the Japan-China route on a nonscheduled basis starting July by entering into a business tieup with Mitsui O.S.L. Lines (passenger) Ltd., a subsidiary of Mitsui O.S.K. Lines (Mol). Officials of Kansai Kisen said Friday a formal contract on the matter is expected to be signed with Mol (passenger) Ltd., as early as next week. It plans to use the 8,000-gross-ton Sunflower 7, a passenger liner completed last June, for the projected service. Present plans call for the ship to be assigned to the route once in July. One sailing monthly also will be made in August and other. [as printed] Kansai Kisen believes it can engage in the service on a paying basis because the number of Japanese visiting China is increasing annually. [OW221031 Tokyo KYODO in English 0402 GMT 22 Feb 80 OW]

SOUTHWEST CHINA HIGHWAY BRIDGE--Guiyang, 4 Mar--Chishui Grand Bridge, a highway bridge linking Sichuan and Guizhou, has recently been open to traffic. It is 243.7 meters long, is a two-lane bridge and is built over the Chishui River. [OW041355 Beijing XINHUA Domestic Service in Chinese 0109 GMT 4 Mar 80 OW]

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